Draft Red Herring Prospectus
Dated February 18, 2008
Please read Section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Building Issue

MULTI COMMODITY EXCHANGE OF INDIA LIMITED

(We were originally incorporated as a private limited company under the Companies Act, 1956 on April 19, 2002 as Multi Commodity Exchange of India Private Limited. Subsequently, we were converted into a public limited company and we changed our name to Multi Commodity Exchange of India Limited on May 16, 2002. For details of change in name and registered office, please refer to the section titled "History and Certain Corporate Matters" on page 94.

Registered Office: 102A, Landmark, Suren Road, Chakala, Andheri (East), Mumbai 400 093, India.
Tel: +91 22 6649 4000; Fax: +91 22 6649 4151
Contact person: Mr. Thomas Fernandes; E-mail: mcx.ipo@mcxindia.com ; Website: www.mcxindia.com

PUBLIC ISSUE OF 10,000,000 EQUITY SHARES OF Rs. 5 EACH FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs [●] PER EQUITY SHARE) AGGREGATING RS. [●] MILLION, CONSISTING OF A FRESH ISSUE OF 6,000,000 EQUITY SHARES ("FRESH ISSUE") BY MULTI COMMODITY EXCHANGE OF INDIA LIMITED ("COMPANY" OR "ISSUER") AND AN OFFER FOR SALE OF 4,000,000 EQUITY SHARES ("OFFER FOR SALE") BY FINANCIAL TECHNOLOGIES (INDIA) LIMITED AND CORPORATION BANK (THE "SELLING SHAREHOLDERS"). THE FRESH ISSUE AND THE OFFER FOR SALE ARE JOINTLY REFERRED TO HEREIN AS THE "ISSUE". THE ISSUE COMPRISES A NET ISSUE OF 9,000,000 EQUITY SHARES TO THE PUBLIC, A RESERVATION OF UP TO 250,000 EQUITY SHARES FOR THE EXISTING FTIL SHAREHOLDERS, A RESERVATION OF UP TO 500,000 EQUITY SHARES FOR THE ELIGIBLE EMPLOYEES AND A RESERVATION OF UP TO 250,000 EQUITY SHARES FOR THE BUSINESS ASSOCIATES. THE ISSUE WOULD CONSTITUTE 11.88% OF THE POST ISSUE PAID-UP EQUITY CAPITAL. THE NET ISSUE WOULD CONSTITUTE 10.70% OF THE POST ISSUE PAID-UP EQUITY CAPITAL.

PRICE BAND: Rs. [●] TO Rs. [●] PER EQUITY SHARE OF FACE VALUE Rs. 5

THE FACE VALUE OF THE SHARES IS Rs. 5 AND THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [●] TIMES OF THE FACE VALUE.

In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of the Price Band subject to the Bid /Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid /Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

In terms of Rule 19(2)(b) of the Securities Contract Regulation Rules, 1957, this being an Issue for less than 25% of the post Issue equity share capital, the Issue is being made through the 100% book building process under the SEBI Guidelines wherein at least 60% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for Allotment to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the shares is Rs. 5 and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Price Band (as determined by the Company and the Selling Shareholders in consultation with the book running lead managers ("BRLMs") on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page X of this Draft Red Herring Prospectus.

IPO GRADING

This Issue has been graded by [●] as [●], indicating [●]. For details see the section titled "General Information" beginning on page 12 of this Draft Red Herring Prospectus

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

The Company and the Selling Shareholders having made all reasonable inquiries, accept responsibility for and confirm that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited. [●] shall be the Designated Stock Exchange. We have received in-principle approval of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively.

SENIOR BOOK RUNNING LEAD MANAGERS		BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE ISSUE
DSP Merrill Lynch	kotak® Investment Banking	citi	ENAM	JM FINANCIAL	KARVY
DSP Merrill Lynch Limited Mafatlal Centre, 10th Floor Nariman Point Mumbai 400 021 Tel: +91 22 6632 8000 Fax: +91 22 2204 8518 Email: mcxipo@ml.com Website: www.dspml.com Contact Person: Mr. N.S. Shekhar Investor Grievance ID:india_merchantbanking@ml.com SEBI Registration No:INM000002236	**Kotak Mahindra Capital Company Limited** 3rd Floor, Bakhtawar 229 Nariman Point Mumbai 400 021 Tel: +91 22 6634 1110 Fax: +91 22 2283 7517 Email: ipo.mcx@kotak.com Contact Person: Mr. Chandrakant Bhole Website: www.kotak.com Investor Grievance ID: kmccredressal@kotak.com SEBI Registration No: INM000008704	**Citigroup Global Markets India Private Limited** 12th Floor, Bakhtawar Nariman Point Mumbai 400 021 Tel: +91 22 6631 9999 Fax: +91 22 6646 6670 E-mail: mcx.ipo@citi.com Website: www.citibank.co.in Contact Person: Mr. Gaurav Khandelwal Investor Grievance ID: investors.cgmib@citi.com SEBIRegistration No:INM000010718	**Enam Securities Private Limited** 801/ 802, Dalamal Towers Nariman Point Mumbai 400021 Tel: +91 22 6638 1800 Fax: +91 22 2284 6824 Email: mcx.ipo@enam.com Website: www.enam.com Contact person: Ms. Shuchi Agrawal Investor Grievance ID: complaints@enam.com SEBI Registration No:INM000006856	**JM Financial Consultants Private Limited** 141, Maker Chambers III Nariman Point Mumbai 400 021 Tel: +91 22 6630 3030 Fax: +91 22 2204 7185 Email: mcx.ipo@jmfinancial.in Website: www.jmfinancial.in Contact Person: Ms. Poonam Karande Investor Grievance ID: grievance.ibd@jmfinancial.in SEBI Registration No: INM000010361	**Karvy Computershare Private Limited** 17 to 24, Vithalraonagar, Madhapur Hyderabad 500 081 Tel: +91 40 2342 0818 Fax: +91 40 2342 0814 Email: einward.ris@karvy.com Contact Person: Mr. M Murali Krishna Website: www.kcpl.karvy.com SEBI Registration No: INR000000221
BID / ISSUE OPENS ON		**[●]**		**BID / ISSUE CLOSES ON**	**[●]**

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SECTION I

DEFINITIONS AND ABBREVIATIONS

Term	Description
The "Company" or "our Company" or "MCX" or "we" or "our" or "us" or "Exchange"	Unless the context otherwise indicates or implies, refers to Multi Commodity Exchange of India Limited, a company incorporated under the Companies Act, 1956

Company Related Terms

Term	Description
Articles/ Articles of Association	The Articles of Association of Multi Commodity Exchange of India Limited, as amended from time to time
Auditors	The statutory auditors of the Company, M/s Deloitte Haskins & Sells, Chartered Accountants
Board of Directors/ Board	The board of directors of the Company or a committee of the Board constituted thereof
Director(s)	Unless otherwise specified, director(s) of Multi Commodity Exchange of India Limited.
Equity Shares	Unless otherwise mentioned, equity shares of the Company of face value Rs. 5 each
ESOS or Stock Options	The employee stock option scheme of the Company adopted at the meeting of the shareholders held on January 13, 2006 pursuant to which stock options have been granted to employees and directors of the Company and FTIL in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
Memorandum of Association/ Memorandum	The Memorandum of Association of Multi Commodity Exchange of India Limited, as amended from time to time
Promoter	Financial Technologies (India) Limited
Promoter Group	Unless the context otherwise requires, refers to those companies mentioned in the section titled "Our Promoters- Promoter Group" on page 128 of this Draft Red Herring Prospectus
Registered Office	The registered office of the Company, being 102A, Landmark, Suren Road, Chakala, Andheri (East), Mumbai 400 093

Issue Related Terms

Term	Description
Allotment/ Allotted	Unless the context otherwise requires, the issue and/ or transfer of Equity Shares pursuant to the Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares are being/have been Allotted
Banker(s) to the Issue	[●]
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in "Issue Related Information – Issue Procedure – Basis of Allotment" on page 294 of the Draft Red Herring Prospectus
Bid	An indication to make an offer during the Bid/Issue Period by a prospective investor to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form
Bid/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation
Bid/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue,

Term	Description
	which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper each with wide circulation
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to or purchase the Equity Shares and which will be considered as the application for Allotment of the Equity Shares pursuant to the terms of the Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Draft Red Herring Prospectus and the Bid cum Application Form
Bid / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is made
BRLMs/ Book Running Lead Managers	Senior Book Running Lead Managers to the Issue, in this case being DSP Merrill Lynch Limited and Kotak Mahindra Capital Company Limited and Book Running Lead Managers to the Issue, in this case being Citigroup Global Markets India Private Limited, Enam Securities Private Limited and JM Financial Consultants Private Limited.
Business Associates	The members of MCX, except existing shareholders of the Company, having trading and/ or clearing rights, as of [•], who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid cum Application Form
Business Associates Reservation Portion	The portion of the Issue being up to 250,000 Equity Shares available for allocation to Business Associates
CAN or Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Citi	Citigroup Global Markets India Private Limited, a company incorporated under the Companies Act and having its registered office at 12th Floor, Bakhtawar, Nariman Point, Mumbai 400 021
Cut-off Price	Any price within the Price Band finalised by the Company and the Selling Shareholders in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board shall Allot Equity Shares and the Selling Shareholders shall give delivery instructions for transfer of Equity Shares constituting the Offer for Sale, to the successful Bidders
Designated Stock Exchange	[●]
DP ID	Depository Participants Identity
DRHP or Draft Red Herring Prospectus	This Draft Red Herring Prospectus issued in accordance with section 60 B of the Companies Act filed with SEBI, which does not have complete particulars of the price at which the Equity Shares are offered and size of the Issue
DSPML	DSP Merrill Lynch Limited, a company incorporated under the Companies Act and having its registered office at Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400 021, India
Electronic Transfer of Funds	Refunds through ECS, direct credit, RTGS or NEFT as applicable
Eligible Employees	Permanent employees including Directors, of the Company or FTIL as of [•], who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid cum Application Form
Employee Reservation Portion	The portion of the Issue being up to 500,000 Equity Shares available for allocation to Eligible Employees
Equity Shares	Unless otherwise specified in the context thereof , Equity shares of our Company of Rs. 5 each fully paid up

Term	Description
Enam	Enam Securities Private Limited, a private limited company incorporated under the Companies Act and having its registered office at 24, B.D Rajabahadur Compound, Ambalal Doshi Marg, Fort, Mumbai – 400 001
Escrow Account	Account to be opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement entered into amongst the Company, the Selling Shareholders, the Registrar, the Escrow Collection Bank(s), the Syndicate Members and the BRLMs for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker(s) to the Issue, at which the Escrow Account will be opened, in this case, being [•]
Existing FTIL Shareholders	Equity shareholders of FTIL as of [•], who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid cum Application Form
Existing FTIL Shareholders Reservation Portion	The portion of the Issue being up to 250,000 Equity Shares available for allocation to Existing FTIL Shareholders
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted
FTIL	Financial Technologies (India) Limited, a company incorporated under the Companies Act, having its registered office at III Floor, 16, Surya Flats, IInd Cross Street, Seethammal Colony Extension, Teynampet, Chennai - 600 018
Fresh Issue	The issue of 6,000,000 Equity Shares at the Issue Price by the Company pursuant to the Red Herring Prospectus
Issue	Collectively, the Fresh Issue and the Offer for Sale
Issue Price	The final price at which Equity Shares will be Allotted in terms of the Prospectus, as determined by the Company and the Selling Shareholders in consultation with the BRLMs on the Pricing Date
JM Financial	JM Financial Consultants Private Limited, a private limited company incorporated under the Companies Act, having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India
KMCC	Kotak Mahindra Capital Company Limited, a company incorporated under the Companies Act, having its registered office at 3rd Floor, 229, Bakhtawar, Nariman Point, Mumbai 400 021, India
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, which may range between 10% to 100% of the Bid Amount
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the QIB Portion or 270,000 Equity Shares (assuming the QIB Portion is for 60% of the Net Issue size) available for allocation to Mutual Funds only on a proportionate basis, out of the QIB Portion
Net Issue	The Issue less the Reservation Portion
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non-Institutional Portion	The portion of the Net Issue being not less than 900,000 Equity Shares of Rs. 5 each available for allocation to Non Institutional Bidders on a proportionate basis
Offer for Sale	The offer for sale by the Selling Shareholders of 4,000,000 Equity Shares of Rs. 5 each at the Issue Price comprising 3,507,650 Equity Shares and 492,350 Equity Shares offered by FTIL and Corporation Bank respectively
Pay-in-Date	Bid/ Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/ Issue Closing Date, and (ii) with respect to Bidders

Term	Description
	whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending up to the close of the Pay-in-Date
Price Band	The price band with a minimum price (Floor Price) of Rs. [•] and the maximum price (Cap Price) of Rs. [•], including any revisions thereof
Pricing Date	The date on which the Company and the Selling Shareholders, in consultation with the BRLMs, finalize the Issue Price
Prospectus	The Prospectus to be filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date
QIB Margin Amount	An amount representing 10% of the Bid Amount
QIB Portion	The portion of the Net Issue to public and not less than 5,400,000 Equity Shares at the Issue Price, required to be allocated to QIBs
QIBs or Qualified Institutional Buyers	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million, and multilateral and bilateral development financial institutions. FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral financial institutions are not eligible to participate in this Issue.
Registrar or Registrar to the Issue	Karvy Computershare Private Limited, a company incorporated under the Companies Act, having its registered office at 17 to 24, Vithalraonagar, Madhapur, Hyderabad 500 081
Reservation Portion	Collectively the Business Associates Reservation Portion, the Employees Reservation Portion and the Existing FTIL Shareholders Reservation Portion
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Net Issue to the public being not less than 2,700,000 Equity Shares each available for allocation to Retail Individual Bidder(s), on a proportionate basis.
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The document to be issued in accordance with the SEBI Guidelines, which will not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC in terms of section 60B of the Companies Act, at least 3 days before the Bid/ Issue Opening Date and will become a Prospectus after filing with the RoC after pricing and allocation
Selling Shareholders	Collectively, FTIL and Corporation Bank, offering 3,507,650 and 492,350 Equity Shares for sale in the Issue respectively
Stock Exchanges	NSE and BSE
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among the Company, the Selling Shareholders and the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Members	Kotak Securities Limited, JM Financial Services Private Limited
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The agreement among the members of the Underwriters, the Selling

Term	Description
	Shareholders and the Company to be entered into on or after the Pricing Date

Technical and Industry Terms

Term	Description
ATS	Alternative Trading Systems
APMC	Agricultural Produce Marketing Committee
BMD	Bursa Malaysia Berhad
BOLT	BSE's Online Trading System
CCX	Chicago Climate Exchange
Commodity/ Commodities	Distinct contracts traded on commodity exchanges
COMEX	Commodities Exchange Inc. (now a division of NYMEX)
CTCL	Computer to Computer Link
DGCX	Dubai Gold and Commodities Exchange
FIA	Futures Industry Association
GBOT	Global Board of Trade
IDS	Intrusion Detection and Prevention System
IDUs	Indoor Units
ITCM	Institutional Trading cum Clearing Members
Kbps	Kilobits per second
LME	London Metal Exchange
mmBtu	Million British Thermal Units
MMT	Million Metric Tones
MPLS	Multi-Protocol Label Switching
MT	Metric Tonne
MTM	Mark to Market
NABARD	National Bank for Agriculture and Rural Development
NAFED	National Agricultural Co-operative Marketing Federation of India Limited
NBHC	National Bulk Handling Corporation
NCDEX	National Commodity and Derivatives Exchange Limited
NMCE	National Multi Commodity Exchange
NSEAP	National Spot Exchange for Agriculture Produce or NSEL
NSEL	National Spot Exchange Limited
NYBOT	New York Board of Trade
NYMEX	New York Mercantile Exchange
Oz	Ounce
PCM	Professional Clearing Members
SGF	Settlement Guarantee Fund
TCM	Trading-Cum-Clearing Members
TOCOM	The Tokyo Commodity Exchange
Turnover	Single sided traded value of contracts on an exchange
TWSs	Trader Work Stations
VPN	Virtual Private Network

Conventional/General Terms

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time

Term	Description
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings per share
FCRA	Forward Contracts (Regulation) Act, 1952
FCRR	Forward Contracts (Regulation) Rules, 1954
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
Fellow Subsidiary / Fellow Subsidiaries	A company is considered to be a fellow subsidiary of another company if both are subsidiaries of the same holding company
FII	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India. FIIs registered with SEBI are not eligible to participate in this Issue.
Financial Year /fiscal year/ FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FMC	Forward Markets Commission constituted under the FCRA
Government/ GOI/ Central Government	The Government of India
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally accepted accounting principles in India
MoU	Memorandum of Understanding
Mn /mn	Million
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
Non Residents/ NR	Non-Resident is a Person resident outside India, as defined under FEMA and includes a Non- Resident Indian. Non-Residents are not eligible to participate in this Issue.
NRI/Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Non-Resident Indian are not eligible to participate in this Issue.
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
p.a. / P.A.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
RBI	The Reserve Bank of India
RONW	Return on Net Worth
RoC	The Registrar of Companies, Maharashtra at Mumbai located at Everest, 100, Marine Drive, Mumbai 400 002
Rs.	Indian Rupees

Term	Description
RTGS	Real Time Gross Settlement
SCRR	Securities Contract Regulation Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1995, as amended from time to time
U.S. GAAP	Generally accepted accounting principles in the United States of America

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and SEBI Guidelines and included in this Draft Red Herring Prospectus. Our current fiscal year commenced on April 1, 2007 and ends on March 31, 2008. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

The degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our restated financial statements prepared in accordance with Indian GAAP.

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India, all references to the "US", "USA", or the "United States" are to the United States of America, all references to "UK" are to the United Kingdom, all reference to "U.A.E" are to the United Arab Emirates, all reference to "Singapore" are to the Republic of Singapore and all reference to "Mauritius" is to the Republic of Mauritius..

For definitions, see the section titled "Definitions and Abbreviations" on page III of this Draft Red Herring Prospectus. In the section entitled "Main Provisions of Articles of Association" on page 302 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles.

Use of Market data

Unless stated otherwise, industry data used throughout this Draft Red Herring Prospectus has been obtained from various sources including public sources, industry publications, websites of various commodity exchanges, FIA and FMC. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Also, data from various industry sources may not be comparable.

Currency of Presentation

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "US$" or "U.S. Dollar(s)" are to United States Dollars, the official currency of the United States of America. All references to "AED" are to Arab Emirates Dirhams, the official currency of the United Arab Emirates. All references to "SGD" are to Singapore Dollars, the official currency of the Republic of Singapore and all references to "MUR" are to the Mauritius Rupee, the official currency of the Republic of Mauritius.

This Draft Red Herring Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Clause 6.9.7.1 of the SEBI Guidelines. These convenience translations should not be construed as a representation that those U.S. Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, the rates stated below or at all. Investors are cautioned not to rely on such translated amounts.

The rates as on November 30, 2007 are as follows:
- 1 U.S. Dollar (USD) = Rs. 39.67 (Source: RBI Reference Rate).
- 1 Singapore Dollar (SGD) = Rs. 27.49 (Source: Interbank rate as per www.oanda.com).
- 1 United Arab Emirates Dirhams (AED) = Rs. 10.84 (Source: Interbank rate as per www.oanda.com).
- 1 Mauritius Rupee (MUR) = Rs. 1.33 (Source: Interbank rate as per www.oanda.com)

FORWARD-LOOKING STATEMENTS

We have included statements in this Draft Red Herring Prospectus, that contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements".

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- our ability to successfully implement our strategy, growth and expansion plans and technological initiatives;
- our ability to retain our current members;
- market fluctuations and industry dynamics beyond our control;
- our ability to manage the third party risks faced by our clearing house operations;
- general economic and business conditions in India and other countries;
- potential mergers, acquisitions or restructurings and increased competition;
- changes in political conditions in India;
- changes in technology;
- occurrence of natural disasters; and
- changes in the laws and regulations that apply to our industry, including tax laws.

For further discussion of factors that could cause our actual results to differ, see the section titled "Risk Factors" on page X of this Draft Red Herring Prospectus. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. In accordance with SEBI requirements, the Company, the Selling Shareholders and the BRLMs will ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges. The Company, the Selling Shareholders, the members of the Syndicate and their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

SECTION II

RISK FACTORS

An investment in our equity shares involves a degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 64 and 207 respectively as well as the other financial and statistical information contained in the Draft Red Herring Prospectus. If any one or some combination of the following risks were to occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline. The numbering of the risk factors has been done to facilitate ease of reading and reference. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below.

Risks Relating to our Business

1. ***Our company, our Deputy Managing Director and some of our Directors are party to certain legal proceedings which could harm our reputation and adversely affect our businsess.***

There are a total of seven civil cases that have been filed against our Company, involving an aggregate claim of Rs. 3,651,220. There are three criminal complaints pending against our Deputy Managing Director in relation to his earlier employments. Further, there are other certain criminal complaints pending against some of our Directors. For further details, see the section titled "Outstanding Litigation" on page 231 of this Draft Red Herring Prospectus. Any adverse publicity from these criminal proceedings or the potential indictment or conviction of the above or the adverse outcome of the cases involving our Company may have a material adverse impact on our reputation and business or cause the price of our Equity Shares to decline.

2. ***The value of contracts traded on our exchange, and consequently our revenues and profits, could be materially adversely affected if we are unable to retain our current members or attract new members to our Exchange.***

The success of our business depends, in part, on our ability to maintain and increase the number of our members, the value of contracts traded on our exchange and the resulting transaction fees we charge to our members. For more details see the sections titled "Our Business- Membership" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 207, of this Draft Red Herring Prospectus. To do so, we must maintain and expand our product offerings and our member base. We cannot assure you that we will be able to retain our current members or attract new members. We also cannot assure you that we will not lose members to other competitors. If we fail to expand our product offerings or lose a substantial number of our current members or are unable to attract new members, our business, financial results and/or operations and market price of the Equity Shares could be materially adversely affected.

3. ***The value of contracts traded on our exchange have been concentrated in certain commodities.***

The aggregate value of contracts traded on our exchange in past has been concentrated in certain commodities, such as gold, silver crude oil and copper. For fiscal 2007 the value of contracts traded in four commodities, namely gold, silver, crude oil and copper, accounted for 39.57%, 26.68%, 7.96% and 11.80% respectively of the total value of contracts traded on our exchange and during the first nine months of fiscal 2008, 27.11%, 19.61%, 16.29% and 17.29% respectively. For more details see the section titled "Our Business- Products" on page 68 of this Draft Red Herring Prospectus. The transaction fees for all of the commodities traded on our exchange for fiscal 2007, accounted for around 53.45% of our total income and during the first nine months of fiscal 2008, accounted for around 62.27% of our total income. Transaction fees are directly related to the value of contracts traded on our exchange and are thus also dependent on commodities in which the value of contracts traded on our exchange is concentrated. We have no direct control over the level of trading in commodities. A decrease in the level of trading in commodities which have higher total value of contracts traded on our exchange, could materially adversely affect our results of business and results of operations.

4. ***We may face competition from existing players and new entrants in the industry that could impact our contract trading volume and profitability.***

Our ability to continually maintain and enhance our competitiveness and respond to threats from existing or new competitors will have a direct impact on our results of operations. There can be no assurance that we will be able to continue to compete effectively. If our products, markets and services are not competitive, our business, financial condition and/or operating results will be materially adversely affected. We may also be adversely affected by competition from new entrants into our markets. Competition within the commodities futures trading industry could increase if new commodities futures exchanges are established or if existing securities exchanges that do not currently trade commodities futures determine to do so. Our experience indicates that the regulatory and financial barriers to entry for new exchanges are surmountable. The appearance of new competitors may reduce margins for all existing exchanges, including us, and increase the importance of scale efficiencies. In addition, if new entrants significantly erode our contract trading volume, we may be required to reduce our fees significantly to remain competitive, which could have a material adverse effect on our profitability.

5. There is uncertainty in relation to the applicable regulations governing foreign investment in commodity exchanges.

By a press release date January 30, 2008, the Union Cabinet has proposed that foreign direct investment up to 26% and FII investment up to 23% in commodity exchanges shall be allowed and that such investment limit is subject to a further stipulation that no single investor shall hold more than 5%. Further, as per the "FAQs on the Forward Contracts (Regulation) Amendment Ordinance 2008 and the Policy for FDI/FII in Commodity Exchanges" issued by the Ministry of Consumer Affairs, Food & Public Distribution on February 12, 2008, foreign direct investment would be allowed in commodity exchanges only with the prior approval of the Foreign Investment Promotion Board, Government of India.

One of our non-resident shareholders, Fidelity Funds-India Focus Funds (FID Funds (Mauritius) Limited), at the time of filing this Draft Red Herring Prospectus with SEBI, holds 9.21% of our pre-Issue share capital, which is in excess of the aforementioned individual limit of 5%. Pursuant to the form FC-GPR filed by us in relation to the placement of equity shares to Fidelity Funds-India Focus Funds (FID Funds (Mauritius) Limited), we were informed by the RBI that such form FC-GPR would be kept in abeyance as the foreign investment policy in commodity exchanges was, at that time, under consideration by the Government of India. However, we have not received any further communication from the RBI in this regard. Also, there currently exists uncertainty about the treatment and classification of existing foreign shareholding in our Company, and the consequences of such treatment or classification. More comprehensive regulations in this regard have not as yet been notified either by the Government or the Reserve Bank of India. In addition, there is uncertainty whether the aforesaid individual limit of 5% would also be applicable to resident shareholders, including our Promoter.

In case, such regulations are not favourable to the stake held by such shareholders in the Company, they may have to divest their holdings which may cause a fall in the market price of our Equity Shares. Sale of substantial amounts of our Equity Shares, or the perception that such sales or distributions could occur, could adversely affect prevailing market prices for our Equity Shares. Further, the aforesaid limitations may adversely affect the ability to raise capital for the expansion of our business.

6. Certain legislative actions may be delayed or may not be undertaken, adversely impacting our ability to implement our growth strategies business strategies

Under current legislation, foreign institutional investors, banks and mutual funds cannot trade on commodity exchanges, which may be amended. Further, futures trading in indices and options in commodities and indices futures were very recently introduced in January 2008 by way of an ordinance promulgated by the President of India amending the FCRA. This ordinance would be required to be approved by both houses of the Parliament within six weeks of the date of the next session of the Parliament, failing which these amendments would lapse.

We have already invested resources including a significant amount of management time to develop our strategy in anticipation of these proposed amendments to the FCRA. If these amendments are not carried out or amendments to the FCRA carried out by the ordinance of the President are not approved by the Parliament, our ability to introduce new products to our exchange and implement our growth strategy could be affected. For more details, see the section titled "Regulations and Policies" on page 89.

7. ***Market fluctuations and industry dynamics beyond our control could adversely affect our business and operations.***

Our revenues are highly dependent upon the level of market activity on our exchange, including the volume and value of commodities contracts traded, the number of market participants, market volatility and turnover velocity. We have no direct control over such variables. Among other things, we are dependent upon the relative attractiveness of the commodities futures traded on our exchange. Our trading volumes are directly affected by many factors beyond our control, including, among others: economic, political and market conditions, broad trends in industry and finance, changes in the level of trading activity, price trends and price volatility in futures markets, legislative and regulatory changes, competition, changes in governmental monetary policies, foreign exchange rates and inflation. Declines in the overall volume of trading in contracts based on commodities and futures, over which we have no control, would negatively impact market liquidity in our exchange, which would result in lower fee revenues and would materially adversely affect our business and operations.

8. ***Our clearing house operations expose us to substantial credit risk of members. Our financial condition will be adversely affected in the event of significant default.***

Our clearing house guarantees the settlement of trading done through our exchange. As a result, we are exposed to significant credit risk of members. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Our policies and procedures may not succeed in detecting problems or preventing defaults. Our measures intended to cover default and maintain liquidity, as detailed in the section titled "Our Business—Market Safeguards and Risk Management" on page 79 of this Draft Red Herring Prospectus may not be sufficient to protect us from a default or that we will not be materially and adversely affected in the event of a significant default. For a more detailed discussion of our clearing house operations, see the section titled "Our Business—Clearing, Settlement and Delivery" on page 77 of this Draft Red Herring Prospectus.

We propose to set up the clearing house operations as a wholly owned subsidiary and plan to use a part of the proceeds of the issue to capitalize the same. For further details, please refer to the section titled "Objects of the Issue" on page 35.

9. ***We are dependent on certain material contracts with our Promoter and Promoter group relating to the technology and training we use and on third party suppliers for services that are important to our business.***

Our business is significantly dependent on our technology. Pursuant to contracts we entered into with our promoter, FTIL, we have the right to use FTIL's exchange technology framework and proprietary software to power our electronic trading platform. We have also entered into agreements with FTIL to supply customized software to be used for integrated online trading, clearing and settlement system and other related services, upgradation and modification of software and maintenance of systems. In addition, we have entered into an agreement with FT Knowledge Management Company Limited (FT KMC) whereby we have granted FT KMC a non – exclusive, non assignable, non transferable right to establish and operate training activities and which includes the right to approve third party franchisees and licensees. Our ability to continue to use the technology licensed from FTIL is essential to our business. The premature termination of above agreements or the loss of the ability to use the technology we license from FTIL due to other factors will have a material adverse impact on our business, operating results and financial condition. We are also dependent on a number of suppliers, such as VSAT providers, telephone companies, Internet service providers, data processors and software and hardware vendors, as well as warehouses, banks and quality certification companies, for important elements of our trading, clearing and other systems, communications and networking equipment, computer hardware and software and related support and maintenance, as well as other functions necessary for the operation of our business. We cannot assure you that any of these providers will be able to continue to provide these services in an efficient, cost-effective manner or that they will be able to adequately expand their services to meet our needs. An interruption in or the cessation of service by any service provider and our inability to make alternative arrangements in a timely manner, or at all, could have a material adverse effect on our business, financial condition and operating results**.**

10. ***We are subject to certain risks relating to the operation of an electronic trading platform and we may be unable to keep up with rapid technological changes.***

Exchange markets are characterized by rapidly changing technology, evolving industry standards, frequent enhancements to existing services and products and the introduction of new products and services. All trading on our exchange is conducted exclusively on an electronic basis. We are heavily dependent on our information technology system and the technology used to run our electronic trading platform.

We are subject to risks relating generally to our electronic trading platform, which includes our failure or inability to:

- acquire, develop or implement new, enhanced or updated versions of electronic trading software;
- increase the number of devices, such as trader work stations ("TWS") and other connectivity devices capable of sending orders to our electronic trading platform;
- respond effectively to technological developments or service offerings by competitors or to emerging industry standards and practices on a cost-effective and timely basis;
- develop new services and technology that address the increasingly sophisticated and varied needs of our existing and prospective clients; and
- counter electronic security threat;

If our electronic trading platform does not operate successfully, our business or future financial condition or operating results will be materially adversely affected. We cannot assure you that we will be able to successfully implement new technologies or adapt our technology and transaction-processing systems to customer requirements or emerging industry standards. We cannot assure you that we will be able to respond in a timely manner to changing market conditions or customer requirements, and a failure to so respond could have a material adverse effect on our business, financial condition and operating results.

11. ***Computer and communications systems failures and capacity constraints could harm our reputation and our business.***

The main components of our core exchange platform, including computer systems, networks and servers, are located in Mumbai and our back up facilities are located in Chennai. Our failure to operate, monitor or maintain our computer systems and network services, including those systems and services related to our electronic trading platform, or, if necessary, to find replacements for our technology in a timely and cost-effective manner, could have a material adverse effect on our reputation, business, financial condition and operating results. Failure of our computer and communications systems or those of our third party providers due to power or telecommunications failure, acts of God, war or terrorism, human error, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, acts of vandalism or similar eventsmay cause one or more of the following effects:

- suspension of trading;
- failure to execute customer orders;
- unanticipated disruptions in service to customers;
- slower response times;
- decreased customer satisfaction;
- incomplete or inaccurate accounting, recording or processing of trades;
- financial losses;
- security breaches;
- litigation or other customer claims; and
- regulatory sanctions.

Heavy trading on our online platform during peak trading times or at times of unusual market volatility could cause our systems to operate slowly or even to fail for periods of time. We cannot assure you that we will not experience system failures, outages or interruptions on our electronic trading platform that will materially adversely affect our business. Any failures that cause an interruption in service or decrease our responsiveness, including failures caused by customer error or misuse of our systems, could impair our reputation, damage our brand name and have a material adverse effect on our business, financial condition and operating results.

12. ***Our network may be vulnerable to security risks.***

We expect the secure transmission of confidential information over public networks to continue to be a critical element of our operations. Our network may be vulnerable to unauthorized access, computer viruses and other security problems. Persons who circumvent security measures could wrongfully use our information or cause interruptions or malfunctions in our operations, any of which could have a material adverse effect on our business, financial condition and operating results. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches. Although we intend to continue to implement industry-standard security measures, these measures may prove to be inadequate and result in system failures and delays that could lower trading volume and have a material adverse effect on our business, financial condition and operating results.

13. ***Member misconduct could harm us and is difficult to detect.***

We run the risk that our members, their sub-brokers and constituents who use our electronic trading platform will engage in fraud or other misconduct, which could result in regulatory sanctions, financial losses and serious reputational harm. It is not always possible to detect misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. For example, we have received notices from the Forward Markets Commission regarding uneconomic/abnormal trades entered into by our members in the past.

14. ***Employee misconduct could harm us and is difficult to detect.***

Misconduct by employees such as binding us to transactions that exceed authorized limits that present unacceptable risks to us, hiding unauthorized or unsuccessful activities, the improper use of confidential information could result in business risks or losses to us including regulatory sanctions and serious harm to our reputation. The precautions we take to prevent and detect these activities may not be effective. If employee misconduct does occur, our business operations and reputation could be materially affected.

15. ***Our compliance and risk management methods might be inadequate and may result in outcomes that could adversely affect our reputation, financial condition and operating results.***

Our ability to comply with applicable laws and regulations is largely dependent on our establishment and maintenance of compliance, audit and reporting systems, as well as our ability to attract and retain qualified compliance and other risk management personnel. We face the risk of significant intervention by regulatory authorities, including extensive examination and surveillance activity. The FMC has broad power to censure, issue directions and prohibit us from engaging in our business or suspend or revoke our approval to operate as a national commodities futures exchange. In the case of non-compliance or alleged non-compliance with applicable laws or regulations, we could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits, including by customers, for damages, which can be significant. For example the FMC, vide its letter dated April 12, 2007 has advised us to be more vigilant while monitoring contracts traded on our Exchange. Any of these outcomes could adversely affect our reputation, financial condition and operating results. In extreme cases, these outcomes could adversely affect our ability to conduct our business.

Our policies and procedures to identify, monitor and manage our risks may be inadequate and some of our risk management methods depend upon evaluation of information regarding markets, customers or other matters. For more details, see the section titled "Our Business-Market Safeguards and Risk Management" on page 79 of this Draft Red Herring Prospectus. That information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to be recorded properly and verification of a large number of transactions and events. We cannot assure you that our policies and procedures will always be adequate or that we will always be successful in monitoring or evaluating the risk to which we are or may be exposed.

16. ***Strategic alliances and joint ventures may not produce the results we expect.***

We currently believe that strategic alliances and joint ventures are an important component of our growth strategy and could play an important role in our long-term success. For further details please refer to our chapter titled "Our Business – Business Strategy". We have in the past formed alliances and/or joint ventures including the Dubai Gold and Commodities Exchange. For further details, please refer to the section titled "Our Business" on page 64. We may continue to seek to enter into alliances or other arrangements in the future and we plan to utilize a part of the proceeds of this Issue for the same. However, we have not identified any suitable investment or alliance opportunities. If we do identify suitable opportunities, we may have difficulty assessing the candidates, risks, placing an accurate valuation on it and we may be unable to negotiate terms commercially favorable to us or complete these transactions at all. Further, we cannot assure you that we will be successful in either developing, or fulfilling the objectives of, any such alliance or that we will be able to effectively synergize with the entity with which we form an alliance. Further, our participation in alliances may strain our resources and may limit our ability to pursue other strategic and business initiatives, which could have a material adverse effect on our business, financial condition and operating results.

17. ***We may not be able to sustain effective implementation of our business and growth strategies.***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. We may not be able to execute our strategies in the future. Further, rapid growth could place significant demand on our management team and other resources and would require us to continuously develop and improve our operational, financial and other controls, none of which can be assured. Any failure on our part to scale up our infrastructure and management to meet the challenges of rapid growth could cause disruptions to our business and could be detrimental to our long-term business outlook.

18. ***Our future operating results are difficult to predict and are subject to fluctuations caused by***

various factors beyond our control.

Our operating results may fluctuate in the future due to a number of factors, many of which are beyond our control. As such, our results of operations during any fiscal year and from period to period are difficult to predict. Our business and results of operations may be adversely affected by:

- economic downturns or stagnant economic growth in Indian and global markets;
- a decrease in demand for commodities and futures in the Indian and global markets;
- an increase in prevailing interest rates in India;
- competition from global and Indian commodity exchanges;
- changes in government policies affecting the commodities and futures industry in India; and
- accidents or natural disasters.

Due to all or any of these factors, you should not rely on past performance to predict our future performance. Unfavorable changes in any of the above factors may significantly affect our business and results of operations, which may vary significantly from the expectations of shareholders, market analysts and the investing public.

19. ***We have entered into a significant number of related party transactions.***

We have entered into various transactions with related parties and we may continue to do so in the future, particularly with our Promoter, FTIL. Such transactions or any other future transactions with our related parties may potentially involve conflicts of interest and impose certain liabilities on us. For more detailed information on our related party transactions, see the sections titled "Financial Statements on page 150 of this Draft Red Herring Prospectus.

20. ***Changes in laws, regulations or governmental policies could have a material adverse effect on the way we conduct our business.***

The commodity futures exchange industry is regulated by the FMC and the Ministry of Consumer Affairs, Government of India pursuant to the Forward Contracts (Regulation) Act, 1952. All aspects of our operations are subject to oversight and regulation by the FMC, including:

- the terms and specifications of each contract launched on our exchange;
- our risk management procedures, including mandatory margin requirements and open position limits;
- our record keeping and reporting procedures;

Such regulation may limit our operational freedom and result into incurring more regulatory costs. For example, the Forward Markets Commission vide its letter dated January 23, 2007 has placed certain restrictions on the trading of certain commodities such as wheat, urad and tur. If we fail to comply with Forward Contracts (Regulation) Act, 1952 and the rules framed thereunder and various circulars, guidelines and directions issued by FMC from time to time, we may be subject to various regulatory measures including suspension of our business and revocation of our approval to operate as a national exchange. Changes in laws, regulations or governmental policies could have a material adverse effect on the way we conduct our business.

In addition, the Government of India places restrictions on the type of contracts that can be traded, and the type of investors that can participate in investment activities, in India. Further, investments in commodity derivatives by institutional investors and foreign institutional investors are currently not permitted. Any adverse change in existing regulation or the imposition of additional restrictions and conditions could adversely affect our business and operations.

21. ***We have issued Equity Shares to FTIL as consideration for purchase of software and such software was not independently valued.***

We issued 15,000,000 equity shares of Rs. 10 each to FTIL in September 2003 and March 2004 as consideration for the purchase of software required for the running of our exchange. For more details see the section titled "History and Certain Corporate Matters – Agreements with our Promoter" on page 96 of this Draft Red Herring Prospectus. The software so purchased was not independently valued and the value of such Equity Shares issued to FTIL may not be commensurate with the value of such software.

22. ***We depend on our executive officers and other key personnel.***

Our future success depends in large part upon the continued service of our executive officers, as well as various key management, technical and trading operations personnel. The loss of service of our Executive Directors and certain key managerial persons could have a material adverse effect on our business, financial condition and operating results. We do not hold keyman life insurance for our senior managers.

Our future success also depends, in significant part, upon our ability to continue to recruit and retain highly skilled and often specialized individuals as employees, particularly in light of the rapid pace of technological changes and advances. The level of competition in our industry for people with these skills is intense. Significant losses of key personnel, particularly to other employers with which we compete, could have a material adverse effect on our business, financial condition and operating results.

23. ***We are subject to significant risks of litigation.***

Many aspects of our business involve substantial risks of liability. For example, dissatisfied members could make claims regarding quality of trade execution, improperly settled trades, improper or failed delivery of commodities, mismanagement or even fraud. We may become subject to these claims as the result of failures or malfunctions of systems and services provided by us. We could incur significant legal expenses defending claims, even those without merit.

24. ***SEBI is investigating certain transactions in the shares of our Promoter, FTIL, for possible violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992***

La –Fin Financial Services Limited, the promoter of FTIL, had dealt in the shares of FTIL during March 2003 to June 2004 and the same is under investigation by SEBI for possible violation of the SEBI (Prohibition of Insider Trading) Regulations, 1992. For more details on transactions involving the promoter group of FTIL, see the section titled "Our Promoter – FTIL- Details of transactions by the promoter group of FTIL in the equity shares of FTIL in the last three years" on page 128 of this Draft Red Herring Prospectus.

In addition, FTIL and La-Fin Financial Services Limited have received notices from SEBI dated September 30, 2005 in relation to the same seeking certain details about the respective companies and about trades executed by promoters/ directors/ persons acting in concert in the equity shares of FTIL. For more details see the section titled "Outstanding Litigations – Notice to FTIL" on page 234 of this Draft Red Herring Prospectus.

Further, FTIL has received a notice dated November 29, 2007 seeking information on the transactions in the shares of FTIL done by one of the directors of FTIL and La –Fin Financial Services Limited and certain other related matters. We replied to this show cause notice vide our letter dated December 20, 2007. SEBI has sought further clarifications on January 1, 2008. We have provided the necessary clarifications vide our letter dated January 11, 2008. For more details see the section titled "Outstanding Litigations – Notice to FTIL" on page 234 of this Draft Red

Herring Prospectus.

25. ***We have limited protection of our intellectual property.***

Our brand name or the "MCX- Trade with Trust" logo are not currently registered as trademarks, although our application for the registration of the same is pending with the Registrar of Trade Mark**.** Use of our brand name or logo by third parties could adversely affect our reputation which could in turn adversely affect our financial performance and the market price of our Equity Shares. Intellectual property rights and our ability to enforce them may be unavailable or limited in some circumstances. We have recently obtained a copyright for MCX – Trade with Trust, further we also have copyright on some of our contract specifications for certain commodities futures traded on our exchange. Our trademark and copyright applications may not be allowed or competitors may challenge the validity or scope of our intellectual property. If we fail to successfully obtain or enforce intellectual property rights, our competitive position could suffer, which could harm our operating results.

26. ***Our results of operations could be adversely affected by strikes, work stoppages.***

As of December 31, 2007, we had 460 full time employees, of which 388 employees were employed at our corporate offices in Mumbai and 72 employees were employed at our branch offices in various locations. Currently, our employees are not represented by labour unions. Although we have not faced any labour problems in the past, there can be no assurance that we will not experience future disruptions to our operations due to strikes, work stoppages or other problems with our work force, which may adversely affect our business and results of operations.

27. ***Our Promoter, FTIL will continue to retain significant influence in the Company after this Issue***

Prior to this Issue, our promoter company FTIL owned 37.56% of our equity share capital. Following this Issue, FTIL will own approximately 30.71% of our post-Issue Equity Share capital. Further, FTIL and the Company entered into a binding Term Sheet with NYSE Euronext N.V. on February 15, 2008 under which NYSE Euronext, subject to receiving appropriate regulatory approvals, has agreed to acquire 3,907,540 Equity Shares of Face Value Rs. 5 each representing 5% of the pre-issue shareholding of the Company. As a result, FTIL will continue to have the significant influence on our business including matters relating to any sale of all or substantially all of our assets. This influence could delay, defer, or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company's best interest. Also, so long as FTIL continues to exercise such significant influence over the Company, it may influence the material policies of the Company (on matters which may require special resolution of the shareholders) in a matter that could conflict with the interests of our other shareholders.

28. ***Our Managing Director is also the Chairman and Managing Director of FTIL.***

Our Managing Director, Jignesh Shah is also the Chairman and Managing Director of FTIL, our Promoter. He may not be able to devote enough time to the running of our Company because of this dual responsibility and this could also create conflicts of interest between our other shareholders and our Promoter.

29. ***We have not entered into any definitive agreements to utilize the net proceeds of the Fresh Issue.***

We intend to use the net proceeds of this Issue primarily for technology upgrades, strategic initiatives and acquisitions. Please refer to the section titled "Objects of the Issue" on page 35 of this Draft Red Herring Prospectus. We have not incurred any expenses in this regard. We have not entered into any definitive agreements to utilize the net proceeds. The objects of the issue have not been appraised by any bank or financial institution. Accordingly our management will have significant flexibility in applying the proceeds received by us from this Issue within the various heads under the Objects of the Issue.

30. ***Out of the Issue proceeds, only the Net Proceeds from the Fresh Issue will be available to us.***

The Issue is a combination of Fresh Issue and Offer for Sale and hence the entire Issue proceeds will be shared by the Selling Shareholders and us. The amount (net of issue expenses) proportionate to the number of shares sold under the Offer for Sale will be remitted to the Selling Shareholders and the amount (net of issue expenses) proportionate to the number of shares sold under the Fresh Issue would be available to us. Accordingly, we will not benefit from the entire proceeds of the Issue.

31. ***The net tangible assets proposed to be created out of the proceeds from the Fresh Issue are not quantifiable and may be less than 25% of the total Fresh Issue size.***

The proceeds from the Fresh Issue shall be utilized for the upgradation of the technology for our exchange, strategic initiatives and general corporate purposes. For more details see the section titled "Objects of the Issue" on page 35 of this Draft Red Herring Prospectus. Net tangible assets created out of the Fresh Issue are not quantifiable and may constitute less than 25% of the total Fresh Issue size.

32. ***Our insurance coverage may not adequately protect us against certain operating hazards and this may have an adverse effect on the results of our business.***

Our insurance policies currently consist of general fire, damage, flood coverage and directors and officers' liability policy. We also have a stock brokers' indemnity policy in relation to incomplete transactions, forgery, computer crimes, etc. There can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow could be adversely affected. For details of the insurance coverage taken by us see the section titled "Our Business—Insurance" on page 85 of this Draft Red Herring Prospectus.

33. ***Our revenues are highly dependent on a few members. Loss of these members or decrease in the volume of their trading on our exchange will adversely impact our revenues and profitability***

We derive a significant portion of our revenues from a limited number of members. In fiscal 2006, 2007 and for the nine month period ended Decemebr 31, 2007, our top ten members accounted for 30.19% 31.96% and 40.20 % respectively of our turnover. The loss of these members or a decrease in their volume of trades may adversely impact our revenues and profitability.

34. ***We have a limited operating history and our recent financial and business results may not be representative of what they may be in the future.***

We began our operations on November 10, 2003, and as such, we have a limited operating history for you to evaluate our future prospects. As a result, our historical and recent financial business results may not be representative of what they may be in the future. Accordingly, we cannot assure you that our growth will continue at the same rate or at all or that we will not experience declines in revenue and profitability in the future. You should consider our business and prospects in light of the risks and difficulties we will encounter as an early-stage company with a new business model for a commodities futures exchange.

35. ***Some of our Promoter Group companies have incurred losses and/or have negative net worth in the last three years.***

Some of our Promoter Group companies have incurred (losses) and/ or have negative net worth (as per their standalone financial statements) in the last three years, as set forth in the table below:

List of Promoter Group companies that have incurred losses:

Name of Promoter Group Company	Fiscal (in Rs. Million)		
	2005	2006	2007
IBS Forex Limited (Incorporated on February 9, 2001)	**(2.24)**	**(6.22)**	**0.76**
Atom Technologies Limited (Incorporated on October 13, 2005)	**-**	**(9.95)**	**(23.12)**
Riskraft Consulting Limited. (Incorporated on November 28, 2005)	**-**	**(5.36)**	**(20.18)**
Tickerplant Infovending Limited (Incorporated on February 4, 2005)	**(0.48)**	**(3.50)**	**(20.97)**
National Bulk Handling Corporation Limited (Incorporated on April 20, 2005)	**-**	**(7.95)**	**(8.88)**
National Spot Exchange Limited (Incorporated on May 18, 2005)	**-**	**(17.40)**	**(34.89)**
Financial Technologies Middle East DMCC (Incorporated on August 1, 2005)		**(17.23)**	**(34.44)**
Financial Technologies Middle East, FZ LLC (Incorporated on May 22, 2006)			**(0.50)**
Global Board of Trade Limited (Incorporated on December 18, 2006)	·	·	**(2.80)**
Financial Technologies Communication Limited (Incorporated on March 13, 2007)	·	·	**(0.14)**
Global Payments Networks Limited (Incorporated on March 15, 2007)	-	-	**(0.19)**

List of Promoter Group companies that have negative net worth:

Name of Promoter Group Company	Fiscal (in Rs. Million)		
	2005	2006	2007
National Spot Exchange Limited (Incorporated on May 18, 2005)	**-**	**(2.40)**	**17.71**

36. ***Future issuances or sales of our Equity Shares could significantly affect the trading price of our Equity Shares.***

The Company entered into a binding Term Sheet with NYSE Euronext N.V. on February 15, 2008 under which NYSE Euronext, subject to receiving appropriate regulatory approvals, has agreed to acquire 3,907,540 Equity Shares of Face Value Rs. 5 each representing 5% of the pre-issue shareholding of the Company.

Any future issuance of Equity Shares by the Company, the disposal of Equity Shares by any of our major shareholders and our issuance of stock options under the ESOS could dilute your shareholding, adversely affect the trading price of our Equity Shares or impact our ability to raise capital through another offering of securities. We have issued Equity Shares to our employees pursuant to the ESOS at a price lower than the IPO price in the last one year. In addition, any perception by investors that such issuance or sales of the Equity Shares by the major shareholders may occur may significantly affect the trading price of our Equity Shares.

37. ***We propose to list on NSE and it holds 2.56% of our equity share capital***

NSE presently holds 2.56% of the equity share capital of the Company, which shall stand diluted to 2.37% after the completion of the issue. In the opinion of our Board, the current shareholding of NSE in our Company is not material. Under the Companies Act, any shareholder may propose a candidate for the appointment to our Board and the shareholders, as per the powers granted to them, may decide to approve the appointment of such persons as our director. There is no restriction against the same under law and we cannot control the same. Whilst we do not currently have a nominee of NSE as a director, if a person proposed by NSE is appointed as our director, it could lead to a possible conflict of interest. Additionally, FTIL holds 1% of the equity share capital of NSE.

In the event a person proposed by NSE is appointed as our director or the shareholding of NSE increases such that our Board considers it material, the Board may consider appropriate steps to address possible conflicts of interest in accordance with applicable law, which may include delisting from NSE. Also see the section titled "Other Regulatory and Statutory Disclosures" on page 251 of this Draft Red Herring Prospectus.

38. A substantial portion of the objects of the Issue may be utilised for procuring software and IT related services from our Promoter

We may use a substantial part of the proceeds of the Fresh Issue to enter into transactions with our Promoter to procure software and IT related services. Some of these software and IT related services are specialized and customized to meet our needs. We cannot assure you that the prices and the terms of contracts at which we obtain such software and services will be competitive and favourable.

External Risks Factors

39. ***After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not develop.***

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, the performance of the Indian economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

40. ***If financial instability occurs in certain countries, particularly emerging market countries in Asia and other countries, our business and the price of our Equity Shares may be adversely affected.***

Indian markets and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia and certain other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and may harm our business, our future financial performance and the price of our Equity Shares.

Notes to Risk Factors:

- Public issue of 10,000,000 Equity Shares of Rs. 5 each for cash at a price of Rs. [•] per Equity Share (including a share premium of Rs [•] per Equity Share) aggregating Rs. [•] million, consisting of a Fresh Issue of 6,000,000 Equity Shares by the Company and an Offer For Sale of an aggregate of 4,000,000 Equity Shares by FTIL and Corporation Bank.

- The average cost of acquisition of Equity Shares by our Promoter is Rs. 5 per Equity Share. The average cost of acquisition of Equity Shares by our promoter has been calculated by taking the total consideration (comprising cash and consideration for sale of software) divided by the number of shares held by it. For details, see the section titled "Capital Structure" on page 20 of this Draft Red Herring Prospectus.

- Our net worth as of March 31, 2007 was Rs. 2,916.56 million and as of December 31, 2007 was Rs. 3,233.88 million and the net asset value per Equity Share as of March 31, 2007 was Rs. 37.32 and as of December 31, 2007 was Rs. 41.38.

- For details regarding related party transactions, please refer to the section titled "Related Party Transactions" on page 148 of the Draft Red Herring Prospectus.

- In terms of Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957, this being an Issue for less than 25% of the post Issue equity share capital, the Issue is being made through the 100% book building process under the SEBI Guidelines wherein at least 60% of the Net Issue is required to be allocated on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for Allotment to the QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

  Under subscription, if any, in the Non-Institutional and Retail Portion would be allowed to be met with spill -over from any other category at the discretion of the Company, the Selling Shareholders and the BRLMs. In case of under subscription in the Net Issue, spill -over to the extent of under subscription shall be permitted from the Reservation Portion subject to the Net Issue constituting 10% of the Post-Issue share capital of the company. Under subscription, if any, in the Reservation Portion will be added back to the Net Issue at the discretion of the Company, the Selling Shareholders and the BRLMs, subject to the Net Issue constituting 10% of the Post-Issue capital of the Company.

- We were incorporated as a private limited company under the name Multi Commodity Exchange of India Private Limited and subsequently, we were converted into a public limited company and we changed our name to Multi Commodity Exchange of India Limited on May 16, 2002

- Investors should note that in case of oversubscription in the Issue, Allotment would be made on a proportionate basis to QIB Bidders, Retail Individual Bidders and Non-Institutional Bidders. See the paragraph titled "Basis of Allocation" under section titled "Terms of the Issue" on page 262 of this Draft Red Herring Prospectus.

- Investors may contact any of the BRLMs for any complaints, information or clarifications pertaining to the Issue.

- Investors are advised to refer to the section titled "Basis for Issue Price" on page 42 of this Draft Red Herring Prospectus.

SECTION III

SUMMARY

Overview

We are an independent, de-mutualized association with permanent recognition from the Government of India to facilitate nationwide online trading, clearing and settlement operations of commodities futures transactions. The total value of contracts traded on our exchange between April 1, 2006 to March 31, 2007 was approximately Rs. 22,937,239 million. According to data maintained by the FMC, this amount represented approximately 62.38% of the market share of the Indian commodities futures industry in terms of the value of commodities traded in futures markets during that period. During April 1, 2007 to Decemebr 31, 2007, the total value of contracts traded on our exchange is Rs. 20,584,937 million this amount represented approximately 75.77% of the market share of the Indian commodities futures industry in terms of the value of commodities traded in futures markets during that period. The total value of contracts traded on all commodities exchanges in India between April 1, 2006 and March 31, 2007, and between April 1, 2007 and December 31, 2007 were Rs. 36,769,267 million and Rs. 27,169,011 million respectively. *(Source: FMC data)*

We focus on offering futures trading in commodities which are significant in the Indian and global context and which are traded on international exchanges. As of December 31, 2007, we offered futures trading in 55 commodities, defined in terms of contract specification, from various market segments including bullion, energy, ferrous and non-ferrous metals, oils and oil seeds, cereals, pulses, plantations, spices, plastics and fibers. (Different types of contracts with the same underlying physical asset such as Gold, Gold Mini and Gold HNI are treated separately as three different commodities for the purpose of computing the total number of commodities). Comparing the trading volumes of our Exchange for the calender year 2007 with the top ten commodity derivatives exchanges in the world, we are the largest silver exchange, the second largest natural gas exchange, the third largest gold exchange the third largest crude oil exchange and the third largest copper exchange in terms of the number of contracts traded for each of these commodities for the period from January 1, 2007 to December 31, 2007. *(Source: based on trading volume data of such exchanges for the calendar year 2007 as published in the respective website of such exchanges).* As per FIA Outlook 08 report, MCX Copper Futures ranked 23rd among Top 25 commodities Futures and Options contracts by volume for the period January to December 2007 with growth rate of 278.35% comparing with the corresponding period January to December 2006.

We strive to be at the forefront of developments in the commodities future industry in India. We were the first commodity futures exchange in India to offer trading in steel futures, and the first in India to launch futures trading in crude oil. *(Source: Based on data sourced from the websites of the individual exchanges).* We have formed strategic alliances with international exchanges to introduce new types of futures contracts in India, such as contracts based on ocean freight rates, in anticipation of changes in government regulations permitting the trading of intangibles in India, which may be introduced in the future. We were the first exchange in India to initiate evening sessions to coincide our trading with trading on exchanges in London, New York and other international markets. *(Source: Based on data sourced from the websites of the individual exchanges).* We are certified under ISO 9001:2000 Quality Standards with respect to developing derivatives trading in India and providing services for online trading, clearing, settlement, and risk management systems. We have achieved the ISO/IEC 27001:2005 certification, which is the global benchmark of an information security management system. We also launched the carbon credit contracts (ECX CFI Mini) in January 2008

We have grown since our inception**:**

- On November 10, 2003, our first day of trading, we recorded a Turnover of Rs.8.32 million.
- On January 22, 2008, we recorded our highest daily Turnover since our inception which was Rs. 212,760.20 million.
- Our membership base has increased from 182 members trading from 660 trader work stations ("TWS") as of March 31, 2004 to 843 members trading from 4,523 TWSs as of March 31, 2005 to 1,259 members trading from 6,221 TWSs as of March 31, 2006 and to 1,762 members trading from 7,206 TWSs as of March 31, 2007 and to 1,811 members trading from 7,270 TWSs as of

December 31, 2007

- The number of commodities offered for trading on our exchange has increased from 15 as of March 31, 2004 to 55 as of December 31, 2007.

- For the period of April 1, 2007 to Decemebr 31, 2007 our market share of the Indian commodities futures industry reached 75.77%, according to data from the FMC.

- Our average monthly Turnover increased from Rs. 4918.50 million for the fiscal 2004 to Rs. 1,911,436.61 million for fiscal 2007 and to Rs 2,287,215.24 million for the nine month ended December 31, 2007.

- Our average daily Turnover increased from Rs. 250.94 million for fiscal 2004 to Rs. 74,714.13 million for fiscal 2007 and to Rs 89,890.56 million for the nine month ended December 31, 2007.

- In fiscal 2005, fiscal 2006, fiscal 2007 and for the nine month ended December 31, 2007 we earned total income of Rs. 336.54 million, Rs. 1,043.89 million, Rs. 2,063.32 million and Rs 1,583.05 million respectively.

The operation of our business is supported by the infrastructure we have developed and our network of strategic alliances with various Indian commodity exchanges, trade associations and international exchanges, which we believe will help us to grow our business and expand our market presence. The objective of these alliances is to provide Indian market participants who trade on our exchange access to global products in order to manage their risk more efficiently, as well as to position India on the global commodity map. See “Our Business- Strategic Alliances and Joint Ventures” on page 82 of this Draft Red Herring Prospectus.

As part of our efforts to promote widespread participation in the Indian commodities market, we have focused our efforts on disseminating information, providing training and educational programs to increase awareness of the Indian commodity industry to direct and indirect market participants. Accordingly, we have entered into agreements with several financial information service agencies to provide market participants with prices, trading activity and real-time market information on the commodities being traded on our exchange. We have also teamed up with various educational institutions and industry organisations to educate existing and potential market participants about the dynamics of the commodities market, to provide high-level management development programs for decision makers and industry leaders in the commodity markets in India and to provide training and certification programs relating to the commodities market in India. We believe that these efforts will help to increase the overall market size of the Indian commodity industry, as well as help to expand our membership base.

Competitive Strengths

We believe the following are our core competitive strengths:

- Leadership Position in the Commodities Futures Industry.

- Product and Service Innovation.

- Effective Use and Application of Technology.

- Integrated Infrastructure and Network of Alliances.

- Experienced Management Team.

Growth Strategy

We believe that there are several global trends which are re-shaping the marketplace and driving volume growth in exchange traded commodities. Globalization, deregulation, advances in technology and increasingly sophisticated market participants offer opportunities for expanding the Indian commodities futures markets. We shall endeavour to capitalize on these factors by implementing the following strategies:

- Expand Market Presence and Increase Customer Base.
- Introduce New Products.
- Continue to Pursue Strategic Initiatives.
- Pursue New Revenue Sources.

SUMMARY FINANCIAL INFORMATION

The following table sets forth summary financial information derived from our financial statements as of and for the Fiscal years ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 and the nine months ended December 31, 2007. As required by the SEBI Guidelines, our financial statements as of and for the Fiscal years ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004 and March 31, 2003 and the nine months ended December 31, 2007 have been restated. The summary financial information presented below should be read in conjunction with the financial statements included in this Draft Red Herring Prospectus, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 207

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Income							
Transaction fees	-	-	53.07	531.74	1,102.86	791.35	985.78
Membership Admission fees	-	42.19	217.44	266.61	416.13	226.69	63.07
Annual subscription fees	-	-	16.45	25.80	39.33	29.50	71.43
Terminal charges	-	-	10.62	30.08	32.09	23.98	19.22
Content development/ know-how fees	-	-	-	45.79	-	-	-
IT Enabled/Software related services					65.39	-	59.97
Total	**-**	**42.19**	**297.58**	**900.02**	**1,655.80**	**1,071.52**	**1,199.47**
Other Income	-	1.57	38.96	143.87	407.52	302.17	383.58
Total Income	**-**	**43.76**	**336.54**	**1043.89**	**2,063.32**	**1,373.69**	**1,583.05**
Expenditure							
Staff costs	-	4.42	19.66	62.30	161.85	108.76	201.22
Administration and other operating expenses (Refer Note 5 to Annexure IV – II)	-	48.74	121.72	291.25	524.42	360.59	580.77
Depreciation/ amortisation	-	22.92	38.34	57.12	89.71	64.11	85.08
Interest	-	1.85	0.24	0.92	6.06	3.46	0.15
Total Expenditure	**-**	**77.93**	**179.96**	**411.59**	**782.04**	**536.92**	**867.22**
Net (loss)/profit before tax and exceptional expenses	**-**	**(34.17)**	**156.58**	**632.30**	**1,281.28**	**836.77**	**715.83**
Exceptional expenses (Refer Note 14 to Annexure IV –II)	-	-	-	-	15.56	15.56	-
Net (loss)/profit before tax	-	**(34.17)**	**156.58**	**632.30**	**1,265.72**	**821.21**	**715.83**
Provision for tax							
- Current tax	-	-	17.20	163.39	321.60	204.91	170.12
- Prior period tax	-	-	-	2.48	1.99	1.99	-
- Deferred tax	-	-	28.22	7.76	5.98	7.63	(11.23)
- Wealth tax	-	-	-	0.07	0.21	0.16	0.37
- Fringe benefit tax	-	-	-	2.22	5.57	4.07	9.12
Net (loss)/profit after tax as per audited financial statements	**-**	**(34.17)**	**111.16**	**456.38**	**930.37**	**602.45**	**547.45**

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Impact of changes in accounting policies and prior period adjustments [Refer Note 1 to Annexure IV-II]	(7.37)	17.14	(13.03)	0.65	1.99	1.99	-
Net (loss)/profit, as restated	**(7.37)**	**(17.03)**	**98.13**	**457.03**	**932.36**	**604.44**	**547.45**
Balance brought forward from previous year, as restated	-	(7.37)	(24.40)	49.20	371.69	371.69	231.13
(Loss)/profit before appropriation, as restated	**(7.37)**	**(24.40)**	**73.73**	**506.23**	**1,304.05**	**976.13**	**778.58**
Appropriations:							
Interim dividend	-	-	-	-	857.64	662.27	195.38
Proposed dividend on equity shares	-	-	21.51	77.91	-	-	-
Corporate dividend tax	-	-	3.02	10.93	120.28	92.88	33.20
Transfer to general reserve	-	-	-	45.70	95.00	-	-
Balance carried to balance sheet, as restated	**(7.37)**	**(24.40)**	**49.20**	**371.69**	**231.13**	**220.98**	**550.00**

SUMMARY STATEMENT OF ASSETS AND LIABLITITES, AS RESTATED

		As at						
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
A.	**Fixed Assets :**							
	Gross block	0.01	168.57	234.38	450.83	1,110.77	572.77	1,221.62
	Less : Depreciation/ amortisation	-	22.92	60.97	117.97	207.63	182.03	291.07
	Net block	0.01	145.65	173.41	332.86	903.14	390.74	930.56
	Add: Capital work-in-progress	35.00	-	4.50	11.82	390.90	677.77	418.75
	Total (A)	**35.01**	**145.65**	**177.91**	**344.68**	**1,294.04**	**1,068.51**	**1,349.31**
B.	**Investments (B)**	**-**	**-**	**467.04**	**5,287.86**	**3,167.35**	**4,985.16**	**5,118.92**
C.	**Deferred tax asset (net) (C)**	**0.32**	**9.84**	**-**	**-**	**-**	**-**	**-**
D.	**Current Assets, Loans and Advances :**							
	Sundry debtors	-	-	13.98	85.30	165.27	89.52	126.84
	Cash and bank balances	0.39	109.74	545.18	436.54	1,905.05	410.35	1,007.51
	Loans and advances	0.06	4.52	43.29	165.65	157.73	168.55	790.30
	Total (D)	**0.45**	**114.26**	**602.45**	**687.49**	**2,228.05**	**668.42**	**1,924.65**
	Total (A+B+C+D)	**35.78**	**269.75**	**1,247.40**	**6,320.03**	**6689.44**	**6,722.09**	**8,392.88**
E.	**Liabilities and Provisions:**							
	Secured loans	-	1.33	0.43	-	-	-	-
	Unsecured loans	7.53	9.31	-	-	-	-	-
	Current liabilities and provisions	35.12	128.81	944.45	3,328.87	3,737.64	3,877.95	5,134.99
	Total (E)	**42.65**	**139.45**	**944.88**	**3,328.87**	**3,737.64**	**3,877.95**	**5,134.99**
F.	**Deferred tax liability (net) (F)**	**-**	**-**	**28.22**	**35.66**	**35.24**	**36.90**	**24.01**
G.	**Networth (A+B+C+D-E-F)**	**(6.87)**	**130.30**	**274.30**	**2,955.50**	**2,916.56**	**2,807.24**	**3,233.88**
H.	**Represented by**							
	1. Share capital [Refer Note 10 to Annexure IV]	0.50	150.50	215.10	389.57	390.75	389.57	390.75

		As at						
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
	2. Share application money (Allotted subsequently)	-	4.20	10.00	-	-	-	-
	3. Stock Option Outstanding Account	-	-	-	0.73	2.50	3.18	3.96
	4. Reserves and Surplus							
	- Securities Premium Account	-	-	-	2,147.81	2,151.48	2,147.81	2,148.48
	- General Reserve	-	-	-	45.70	140.70	45.70	140.69
	- Balance in Profit and Loss Account	(7.37)	(24.40)	49.20	371.69	231.13	220.98	550.00
	Total (H)	**(6.87)**	**130.30**	**274.30**	**2,955.50**	**2,916.56**	**2,807.24**	**3,233.88**
I.	**Miscellaneous expenditure (I) [Refer Note 1(a) of Annexure IV-II]**	-	-	-	-	-	-	-
J.	**Networth (H-I)**	**(6.87)**	**130.30**	**274.30**	**2,955.50**	**2,916.56**	**2,807.24**	**3,233.88**

STATEMENT OF CASH FLOWS, AS RESTATED.

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Cash flow from operating activities							
Net (loss)/profit before tax as restated (Refer note 5 below)	(7.69)	(26.55)	155.87	632.14	1,265.72	821.21	715.83
Adjustments for:							
Depreciation/amortization	-	22.92	38.34	57.12	89.71	64.11	85.08
Interest expenses	-	1.85	0.24	0.92	6.06	-	-
Dividend from investment	-	-	(2.71)	(85.22)	(245.45)	(192.18)	(135.81)
Depreciation written back					(0.04)	(0.03)	-
Dimunition in value of Investment						0.13	0.04
Loss on surrender of premises	-	-	0.95	-	-	-	
Exchange difference (net)	-	-	-	1.61	-	-	
Employee stock option compensation cost	-	-	-	0.27	1.19	0.89	0.52
Compensation cost stock option (Holding Company)	-	-	-	0.47	2.12	1.56	0.93
Profit on sale of investment (net)	-	-	-	(1.35)	(33.60)	(29.25)	(79.00)
Loss on sale of assets or assets scraped	-	-	-	-	0.01	-	0.25
Interest income	-	(1.01)	(23.98)	(20.87)	(30.51)	(12.35)	(80.95)
Operating (loss)/profit before working capital changes	**(7.69)**	**(2.79)**	**168.71**	**585.09**	**1,055.21**	**654.09**	**506.89**
Adjustments for:							
Trade and other receivables	(0.06)	(4.25)	(47.77)	(708.08)	(71.74)	(6.81)	(31.88)
Trade payables and provisions	35.12	128.70	781.94	2,323.64	481.52	555.14	1,417.81
Cash generated from operations	**27.37**	**121.66**	**902.88**	**2,200.65**	**1,464.99**	**1,202.42**	**1,892.82**
Taxes paid	-	(0.21)	(15.50)	(166.24)	(320.07)	(213.75)	(459.31)

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Net cash generated from operating activities	**27.37**	**121.45**	**887.38**	**2,034.41**	**1,144.92**	**988.67**	**1,433.51**
Cash flow from investing activities							
Additions to fixed assets	(35.01)	(18.56)	(71.55)	(223.77)	(1,039.06)	(786.43)	(144.83)
Deletion / Adjustment to Fixed Assets	-	-	-	-	1.50	-	-
Purchase of investments (including fixed deposits placed)	-	-	(967.77)	(12,809.96)	(39,695.65)	(29,059.81)	(67,271.59)
Redemption/sale of investment (Including fixed deposits)	-	-	40.00	8,717.97	40,906.65	29,343.81	65,486.55
Dividend from investment	-	-	2.71	85.22	245.45	192.18	135.81
Interest received	-	1.01	14.91	24.76	20.56	12.23	61.72
Net cash (used in)/ generated from investing activities	**(35.01)**	**(17.55)**	**(981.70)**	**(4,205.78)**	**439.45**	**(298.02)**	**(1,732.34)**
Cash flow from financing activities							
Proceeds from borrowings	7.53	3.10	-	-	-		
Repayment of borrowings	-	-	(10.20)	(0.43)	-		
Proceeds from:							
- Equity share capital	0.50	-	60.40	164.47	1.19		
- Securities premium	-	-	-	2,228.93	2.13		-
- Share application money	-	4.20	10.00	-	-		-
- Share issue expenses adjusted in Securities Premium Account	-	-	-	(81.13)	-		(0.50)
Dividend paid (including tax thereon)	-	-	-	(24.53)	(1,066.18)	(764.78)	(229.17)
Interest paid	-	(1.85)	(0.24)	(0.92)	(6.06)	-	-
Net cash generated from /(used in) financing activities	**8.03**	**5.45**	**59.96**	**2,286.39**	**(1,068.92)**	**(764.78)**	**(229.67)**
Net cash flows during the years	**0.39**	**109.35**	**(34.36)**	**115.02**	**515.45**	**(74.13)**	**(528.50)**

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Net increase/ (decrease) in cash and cash equivalents	**0.39**	**109.35**	**(34.36)**	**115.02**	**515.45**	**(74.13)**	**(528.50)**
Cash and cash equivalents (opening balance)	-	0.39	109.74	75.38	190.40	190.40	705.85
Cash and cash equivalents (closing balance)	0.39	109.74	75.38	190.40	705.85	116.27	177.35

THE ISSUE

Equity Shares offered by

The Company……………………………………….6,000,000 Equity Shares
The Selling Shareholders…………………………...4,000,000 Equity Shares
Of which
FTIL………………………………………3,507,650 Equity Shares
Corporation bank.. 492,350 Equity Shares
Total ……………………………………………..10,000,000 Equity Shares

Business Associates Reservation Portion .... 250,000 Equity Shares
Employee Reservation Portion .... 500,000 Equity Shares
Existing FTIL Shareholders Reservation Portion .... 250,000 Equity Shares
Reservation Portion ………………………………1,000,000 Equity Shares

Therefore,
Net Issue to the Public……………………………..9,000,000 Equity Shares
Of which:
QIB Portion………………………………..5,400,000 Equity Shares
Of which
Mutual Fund Portion 270,000 Equity Shares
Non-Institutional Portion............................... 900,000 Equity Shares
Retail Portion………………………………2,700,000 Equity Shares

Equity Shares outstanding prior to the Issue ……....78,150,828 Equity Shares

Equity Shares outstanding after the Issue …………84,150,828 Equity Shares

Use of proceeds by the Company …………………...See the section titled "Objects of the Issue" on page 35 of this Draft Red Herring Prospectus. The Company will not receive any proceeds from the Offer for Sale.

Allocation of Equity Shares to all categories shall be on proportionate basis.

GENERAL INFORMATION

We were incorporated as a private limited company under the Companies Act, 1956 on April 19, 2002 under the name Multi Commodity Exchange of India Private Limited. Subsequently, we were converted into a public limited company and we changed our name to Multi Commodity Exchange of India Limited on May 16, 2002.

Registered Office of our Company

Multi Commodity Exchange of India Limited
102A, Landmark
Suren Road, Chakala
Andheri (East)
Mumbai 400 093, India
CIN No.: U51909 MH 2002 PLC 135594
Website:www.mcxindia.com

The Company is registered with the Registrar of Companies, Maharashtra whose office is situated at Everest, 100, Marine Drive, Mumbai 400 002.

Our Board comprises:

1. Venkat R. Chary (Non Executive Independent Chairman);
2. Jignesh P. Shah (Managing Director);
3. Lambertus (Lamon) Rutten (Joint Managing Director);
4. Joseph Massey (Deputy Managing Director);
5. V. Hariharan (Non Executive Director);
6. Dr. S. Narayan (Non Executive Independent Director);
7. Bharat Tripathi (Non Executive Independent Director – FMC Nominee);
8. Dr. Urjit R. Patel (Non Executive Independent Director);
9. P.G. Kakodkar (Non Executive Director);
10. C.M. Maniar (Non Executive Independent Director);
11. Shvetal S. Vakil (Non Executive Independent Director);
12. Ashish S. Dalal (Non Executive Director);
13. C. Subramaniam (Non Executive Director);
14. Anup Banerji (Non Executive Director – SBI Nominee).
15. Dr. R. Balakrishnan (Non Executive Director – NABARD Nominee);
16. Dr. Prakash Apte (Non Executive Independent Director – FMC Nominee);
17. Asha Das (Non Executive Independent Director – FMC Nominee); and
18. Dr. Ajit Ranade (Non Executive Independent Director – FMC Nominee).

For further details in relation to our Board and the Directors see the section titled "Our Management" on page 128 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Thomas R. Fernandes
349 Business Point
Unit Nos. 702,703,704 and 705
7th Floor Western Express Highway
Andheri (East)
Mumbai 400 093, India
Tel: +91 22 6715 2000
Fax: +91 22 6715 2001
E-mail: ipo@mcxindia.com
Web site:www.mcxindia.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary account, refund orders, etc.

Senior Book Running Lead Managers

DSP Merrill Lynch Limited

Mafatlal Center, 10th Floor,
Nariman Point,
Mumbai 400 021
Tel. : +91 22 6632 8000
Fax. : +91 22 2204 8518
Email:mcxipo@ml.com
Website:www.dspml.com
Contact Person: Mr. N.S. Shekhar
Investor Grievance ID:india_merchantbanking@ml.com
SEBI Registration No:INM000002236

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021
Telephone: +91 22 6634 1110
Facsimile: +91 22 2283 7517
Email: ipo.mcx@kotak.com
Website: www.kotak.com
Contact Person: Mr. Chandrakant Bhole.
Investor Grievance ID: kmccredressal@kotak.com
SEBI Registration No: INM000008704

Book Running Lead Managers

Citigroup Global Markets India Private Limited
12th Floor, Bakhtawar
Nariman Point,
Mumbai 400 021
Tel : +91 22 6631 9999
Fax : +91 22 6646 6670
E-mail :mcx.ipo@citi.com
Website:www.citibank.co.in
Contact Person: Mr. Gaurav Khandelwal
Investor Grievance ID: investorscgmib@citi.com
SEBI Registration No:INM000010718

Enam Securities Private Limited
801/ 802, Dalamal Towers
Nariman Point
Mumbai 400 021
Tel: +91 22 6638 1800
Fax: +91 22 2284 6824
Email: mcx.ipo@enam.com
Website:www.enam.com
Contact Person: Ms. Shuchi Agrawal
Investor GrievanceID: complaints@enam.com
SEBI Registration No:INM000006856

JM Financial Consultants Private Limited
141, Maker Chambers III,
Nariman Point,
Mumbai 400 021
Tel: +91 22 6630 3030
Fax: +91 22 2204 7185
Email:mcx.ipo@jmfinancial.in
Website:www.jmfinancials.in
Contact Person: Ms. Poonam Karande
Investor Grievance ID: grievance.ibd@jmfinancials.in
SEBI Registration No: INM000010361

Syndicate Members

Kotak Securities Limited
1st Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021
Tel: +91 22 6634 1100
Fax: +91 22 2262 1187
Contact Person : Mr. Umesh Gupta
Email : umesh.gupta@kotak.com
Web site : www.kotak .com

JM Financial Services Private Limited
Apeejay House
3 Dinshaw Waccha Road
Churchgate
Mumbai 400 020
Tel: +91 22 6704 3184 / 3185
Fax: +91 22 6654 1511
Contact Person : Mr. Deepak Vaidya

Email:mcx.ipo@jmfinancial.in
Website: www.jmfinancials.in

Legal Advisors to the Issue

Domestic Legal Counsel to the Issuer

AZB & Partners
Advocates & Solicitors
Express Towers, 23rd Floor
Nariman Point
Mumbai 400 021
Tel: +91 22 6639 6880
Fax : +91 22 6639 6888

Domestic Legal Counsel to the Underwriters

Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

Registrar to the Issue
Karvy Computershare Private Limited
17 to 24, Vithalraonagar, Madhapur
Hyderabad 500 081
Tel: +91 40 23420818
Fax: +91 40 23420814
Email: einward.ris@karvy.com
Contact Person: Mr. M. Murali Krishna
Website: www.karvy.com

Auditors

Deloitte Haskins and Sells, Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai 400 018
Tel: +91 22 6667 9000
Fax: +91 22 6667 9100
Email: sambre@deloitte.com

Bankers to the Issue and Escrow Collection Banks

[•]

Bankers to the Company

Axis Bank Limited
First Floor, Janambhoomi Marg
Fort, Mumbai 400 001
Tel: +91 22 2204 1193
Fax: +91 22 2202 4620
Email:naresh.devadiga@utibank.com

Bank of India
Bullion Exchange Branch
185, Sheikh Memon Street, Post Box no. 2313
Mumbai 400 002
Tel: +91 22 2342 8841
Fax: +91 22 2340 1575
Email: boibullionbr@vsnl.net

Citibank N.A.
Citigroup Center, 6th Floor
Bandra Kurla Complex
Bandra (E)
Mumbai 400 051
Tel: +91 22 5001 5669
Fax: +91 22 2653 5872
Email: mcx.ipo@citi.com

Corporation Bank
Nariman Point Branch, First Floor, Earnest House, Nariman Point
Mumbai 400 021
Tel: +91 22 2285 2073
Fax: +91 22 2285 1284
Email:ibd@corpbank.co.in

Development Credit Bank
301, Trade Plaza
414, Veer Savarkar Marg
Prabhadevi
Mumbai 400 025
Tel: (91 22) 2438 7110
Fax: (91 22) 2423 1526
Email: jigars@dcbl.com

ICICI Bank Limited
Capital Market Branch
30, Mumbai Samachar Marg
Mumbai 400 001.
Tel: (91 22) 22627600
Fax : (91 22) 22611138
Mail: sidhartha.routray@icicibank.

Contact : Sidhartha Sankar Routray
Web site : icicibank.com

Indusind Bank Limited
Sonawalla Building,
57, Mumbai Samachar Marg
Fort, Mumbai 400 001
Tel: +91 22 5636 6591
Fax: +91 22 5636 6590
Email: boms@indusind.com

HDFC Bank Limited
Motwani Chambers
Manekji Wadia Building
Fort Branch
Mumbai 400 023
Tel: +91 22 2498 8484
Fax: +91 22 2492 3411
Email:samit.mehta@hdfcbank.com

Kotak Mahindra Bank Limited
Nariman Point Branch
13th Floor, Nariman Bhavan
277, Nariman Point
Mumbai 400 021
Tel: +91 22 5659 6174
Fax: +91 22 5659 6430
Email: mcx.ipo@kotak.com

State Bank of India
Mumbai Main Branch
Institutional Banking Division
M.S.Marg
Fort
Mumbai 400 023
Tel : +91 22 2266 1765
Fax : +91 22 2265 2742
Email: agminstmmb@vsnl.net

Tamilnad Mercantile Bank
57, V.E Road,
Thoothukudi 628 002
Tel: +91 2341 3140
Fax: +91 2342 8989
Email:mumbai_mandvi@tambonline.com

The Hongkong and Shanghai Banking Corporation Limited
Kamala Bhavan
Swami Nityanand Marg
Andheri (East)
Mumbai 400 069
Tel: +91 22 5691 0111
Fax : +91 22 2682 3719
Email : priyadarshinisarangi@hsbc.co.in

Union Bank of India
Zaveri Bazar Branch
Venkatesh Bhavan
2nd Floor
86, Mirza Street
Mumbai 400 003
Tel: +91 22 2341 0338
Fax: +91 22 2344 4719
Email:cmcmsm@unionbankofindia.com

Yes Bank Limited
Nehru Centre, 11th Floor
Discovery of India
A.B. Road, Worli
Mumbai 400 018
Tel: +91 22 2497 5588
Fax: +91 22 2490 0314
Email:rajesh.lahori@yesbank.in

Statement of Inter Se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities amongst the BRLMs:

No	Activities	Responsibility	Coordinator
1.	Capital structuring with relative components and formalities etc.	DSPML, Citi, Enam, JM, Kotak	DSPML
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. (The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing)	DSPML, Citi, Enam, JM, Kotak	DSPML
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	DSPML, Citi, Enam, JM, Kotak	Citi

No	Activities	Responsibility	Coordinator
4.	Appointment of other intermediaries viz., Registrar(s), Printers	DSPML, Citi, Enam, JM, Kotak	Enam
5.	Appointment of other intermediaries viz., Advertising Agency and Bankers to the Issue	DSPML, Citi, Enam, JM, Kotak	Kotak
6.	Domestic Institutional marketing strategy: - Finalise the list and division of investors - Follow up on distribution of publicity and issue materials including for one to one meetings - Preparation of road show presentation, FAQs	DSPML, Citi, Enam, JM, Kotak	Citi
7.	Retail marketing strategy – Finalise centers for holding conference for brokers etc. – Finalise media, marketing & PR Strategy – Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material – Finalise bidding centers	DSPML, Citi, Enam, JM, Kotak	Enam
8.	Non-Institutional marketing strategy – Finalise centers for holding conference for brokers etc. – Finalise media, marketing & PR Strategy – Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material – Finalise bidding centers	DSPML, Citi, Enam, JM, Kotak	DSPML
9.	Managing the book and coordination with Stock-Exchanges on bidding terminals, mock trading etc	DSPML, Citi, Enam, JM, Kotak	Kotak
10.	The post bidding activities including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to bidders etc	DSPML, Citi, Enam, JM, Kotak	JM
11.	The Post Issue activities for the Issue will involve essential follow up steps, which include the finalization of the basis of allotment, dispatch of refunds, demat of delivery of shares, finalization of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers to the Issue. (The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company)	DSPML, Citi, Enam, JM, Kotak	JM

CREDIT RATING

As the Issue is of Equity Shares, credit rating is not required.

MONITORING AGENCY

There is no requirement to appoint a Monitoring Agency for the Fresh Issue in terms of clause 8.17 of the SEBI DIP Guidelines.

TRUSTEES

As the Issue is of Equity Shares, the appointment of Trustees is not required.

IPO GRADING

This Issue has been graded by [●] as [●], indicating [●].

EXPERTS

Except the report of [●] in respect of the IPO grading of this Issue annexed herewith and except as stated elsewhere in this Draft Red Herring Prospectus, the Company has not obtained any expert opinions.

BOOK BUILDING PROCESS

Book building refers to the process of collection of Bids, on the basis of the Draft Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid /Issue Closing Date.

The principal parties involved in the Book Building Process are:

- The Company;
- The Selling Shareholders;
- Book Running Lead Managers;
- Syndicate Members;
- Escrow Collection Banks; and
- Registrar to the Issue.

The SEBI Guidelines read with rule 19(2) (b) of the SCRR, have permitted an issue of securities to the public through the 100% Book Building Process, wherein not less than 60% of the Net Issue shall be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs including the Mutual Funds subject to valid bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Company and the Selling Shareholders will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, the Company and the Selling Shareholders have appointed the BRLMs to manage the Issue and to procure subscriptions to the Issue.

Pursuant to amendments to the SEBI Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid /Issue Closing Date. **In addition, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bid/ Issue Period and allocation to QIBs will be on a proportionate basis.** For further details see the section titled "Terms of the Issue" on page 262 of this Draft Red Herring Prospectus.

The process of Book Building under SEBI Guidelines is subject to change from time to time and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Suscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Key steps to be taken for bidding:

- Check eligibility for bidding, see the section titled "Issue Procedure-Who Can Bid?" on page 295 of this Draft Red Herring Prospectus;

- Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

- Ensure that the PAN is mentioned for all bids (see "Issue Procedure" on page 270 of this Draft Red Herring Prospectus.); and

- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form.

- Ensure correctness of Demographic Details of the Bidder given in the Bid cum Application Form vis-s-vis those with the Bidders Depository Participant (see "Issue Procedure- Bidders Depository Account Details" on page 287 of this Draft Red Herring Prospectus.

UNDERWRITING AGREEMENT

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations.

The amount mentioned herein is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:
(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Million)
DSP Merrill Lynch Limited Mafatlal Center, 10th Floor, Nariman Point,	[•]	[•]

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Million)
Mumbai 400 021		
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar 229, Nariman Point Mumbai 400 021	[●]	[●]
Citigroup Global Markets India Private Limited 12th Floor, Bakhtawar Nariman Point, Mumbai 400 021	[●]	[●]
Enam Securities Private Limited 801/ 802, Dalamal Towers Nariman Point Mumbai 400 021	[●]	[●]
JM Financial Consultants Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021	[●]	[●]
Kotak Securities Limited 1st Floor, Bakhtawar 229, Nariman Point Mumbai 400 021	[●]	[●]
JM Financial Services Private Limited Apeejay House 3 Dinshaw Waccha Road Churchgate Mumbai 400 020	[●]	[●]

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure/subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE

Our share capital as at the date of filing of this Draft Red Herring Prospectus with SEBI (before and after the Issue) is set forth below:

(Rs. In million)

		Aggregate Value at nominal value	Aggregate Value at Issue Price
A)	**AUTHORISED SHARE CAPITAL**		
	100,000,000 Equity Shares of Rs. 5 each	500.00	
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**		
	78,150,828 Equity Shares of Rs. 5 each fully paid-up	390.75	
C)	**PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	10,000,000 Equity Shares of Rs. 5 each fully paid up*	50.00	[●]
	Out of the above:		
	a) Fresh Issue		
	6,000,000 Equity Shares of Rs. 5 each fully paid up	30.00	[●]
	b) Offer for Sale		
	4,000,000 Equity Shares of Rs. 5 each fully paid up**	20.00	[●]
D)	**RESERVATION PORTION**		
	Up to 1,000,000 Equity Shares of Rs.5 each fully paid up	5.00	[●]
	Out of the above:		
	a) Business Associates Reservation Portion		
	Up to 250,000 Equity Shares of Rs. 5 each fully paid up	1.25	[●]
	b) Employee Reservation Portion		
	Up to 500,000 Equity Shares of Rs.5/- each fully paid up	2.50	[●]
	c) Existing FTIL Shareholders Reservation Portion		
	Up to 250,000 Equity Shares of Rs.5/- each fully paid up	1.25	[●]
E)	**NET ISSUE TO THE PUBLIC**		
	9,000,000 Equity Shares of Rs.5/- each fully paid up	45.00	[●]
F)	**SECURITIES PREMIUM ACCOUNT (in Rs. Million)**		
	Before the Issue	2,148.48	
	After the Issue	[●]	
G)	**EQUITY CAPITAL AFTER THE ISSUE**		
	84,150,828 Equity Shares of Rs. 5 each fully paid-up shares	420.75	

* The Fresh Issue in terms of this Draft Red Herring Prospectus has been authorized pursuant to a resolution passed at the annual general meeting of our shareholders on September 1, 2007 at Mumbai. The Offer for Sale has been authorized pursuant to resolutions of the boards of directors of FTIL and Corporation Bank passed on October 31, 2007 and October 3, 2007, respectively.

** Out of the Offer for Sale for 4,000,000 Equity Shares, 3,507,650 Equity Shares are being offered by FTIL and 492,350 Equity Shares by Corporation Bank.

1) The initial authorized capital of Rs. 500,000 comprising 50,000 equity shares of Rs. 10 each

was increased to Rs. 110,000,000 comprising 11,000,000 equity shares of Rs. 10 each pursuant to a resolution of the shareholders at an EGM held on March 17, 2003.

2) The authorised capital of Rs. 110,000,000 comprising 11,000,000 equity shares of Rs. 10 each was increased to Rs. 180,000,000 comprising 18,000,000 equity shares of Rs. 10 each pursuant to a resolution of shareholders at an EGM held on February 27, 2004.

3) The authorised capital of Rs. 180,000,000 comprising 18,000,000 equity shares of Rs. 10 each was increased to Rs. 300,000,000 comprising 30,000,000 equity shares of Rs. 10 each pursuant to a resolution of shareholders at an EGM held on April 3, 2004.

4) The authorised capital of Rs. 300,000,000 comprising 30,000,000 equity shares of Rs. 10 each was increased to Rs. 500,000,000 comprising 50,000,000 equity shares of Rs. 10 each pursuant to a resolution of shareholders at an EGM held on February 5, 2005.

5) The authorised capital of Rs. 500,000,000 comprising 50,000,000 equity shares of Rs. 10 each was sub-divided to Rs. 500,000,000 comprising 100,000,000 Equity Shares of Rs. 5 each pursuant to a resolution of shareholders at an AGM held on September 1, 2007.

Notes to Capital Structure

1. **Share capital allotment history of the Company**

Date of allotment of the Equity Shares	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for Allotment	Cumulative number of Equity Shares	Cumulative Paid-up Capital (Rs. million)	Cumulative Share Premium (Rs. Million)
April 19, 2002	5,000	10	10	Cash	Subscribers to Memorandum**	5,000	0.05	Nil
April 19, 2002	5,000	10	10	Cash	Subscribers to Memorandum**	10,000	0.10	Nil
April 22, 2002	39,600	10	10	Cash	Further allotment to La-Fin Financial Services Private Limited**	49,600	0.496	Nil
April 22, 2002	100	10	10	Cash	Further allotment to Sajit Dayanandan**	49,700	0.497	Nil
April 22, 2002	100	10	10	Cash	Further allotment to Dewang Neralla**	49,800	0.498	Nil
April 22, 2002	100	10	10	Cash	Further allotment to Ajay Narsimhan**	49,900	0.499	Nil
April 22, 2002	100	10	10	Cash	Further allotment to Manjay Shah**	50,000	0.50	Nil
September 6, 2003	10,000,000	10	10	Other than Cash*	Further allotment to FTIL	10,050,000	100.50	Nil

Date of allotment of the Equity Shares	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for Allotment	Cumulative number of Equity Shares	Cumulative Paid-up Capital (Rs. million)	Cumulative Share Premium (Rs. Million)
March 10, 2004	5,000,000	10	10	Other than Cash*	Further allotment to FTIL	15,050,000	150.50	Nil
April 5, 2004	420,000	10	10	Cash	Further allotment to Union Bank of India	15,470,000	154.70	Nil
May 14, 2004	420,000	10	10	Cash	Further allotment to Corporation Bank	15,890,000	158.90	Nil
June 7, 2004	420,000	10	10	Cash	Further allotment to Bank of India	16,310,000	163.10	Nil
July 1,2004	2,100,000	10	10	Cash	Further allotment to State Bank of India	18,410,000	184.10	Nil
July 9, 2004	420,000	10	10	Cash	Further allotment to Canara Bank	18,830,000	188.30	Nil
August 31, 2004	210,000	10	10	Cash	Further allotment to State Bank of Indore	19,040,000	190.40	Nil
August 31, 2004	420,000	10	10	Cash	Further allotment to Bank of Baroda	19,460,000	194.60	Nil
October 22, 2004	210,000	10	10	Cash	Further allotment to State Bank of Hyderabad	19,670,000	196.70	Nil
December 28, 2004	1,000,000	10	10	Cash	Further allotment to Corporation Bank	20,670,000	206.70	Nil
December 28, 2004	210,000	10	10	Cash	Further allotment to SBI Life Insurance Company Limited	20,880,000	208.80	Nil
December 28, 2004	210,000	10	10	Cash	Further allotment to State Bank of Saurashtra	21,090,000	210.90	Nil
March 9, 2005	420,000	10	10	Cash	Further allotment to HDFC Bank	21,510,000	215.10	Nil

Date of allotment of the Equity Shares	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for Allotment	Cumulative number of Equity Shares	Cumulative Paid-up Capital (Rs. million)	Cumulative Share Premium (Rs. Million)
					Limited			
April 11, 2005	10,000,000	10	10	Cash	Further allotment to FTIL	31,510,000	315.10	Nil
May 5, 2005	1,000,000	10	10	Cash	Further allotment to NSE	32,510,000	325.10	Nil
June 1, 2005	1,250,000	10	10	Cash	Further allotment to NABARD	33,760,000	337.60	Nil
July 1, 2005	210,000	10	10	Cash	Further allotment to State Bank of Patiala	33,970,000	339.70	Nil
August 1, 2005	756,825	10	148.65	Cash	Further allotment to Bennett Coleman & Co. Limited	34,726,825	347.27	104.93
November 2, 2005	210,000	10	10	Cash	Further allotment to State Bank of Travancore	34,936,825	349.37	104.93
November 2, 2005	210,000	10	10	Cash	Further allotment to State Bank of Mysore	35,146,825	351.47	104.93
November 2, 2005	210,000	10	10	Cash	Further allotment to State Bank of Bikaner & Jaipur	35,356,825	353.57	104.93
February 3, 2006	3,600,000	10	600	Cash	Further allotment to FID Funds (Mauritius) Limited	38,956,825	389.57	2,228.93***
March 23, 2007	118,589	10	28	Cash	Further allotment to employees under ESOP 2006.	39,075,414	390.75	2,151.48***
September 1, 2007		5	-	-	Sub-division of the equity shares from Rs. 10 to Rs. 5 each	78,150,828	390.75	2,151.48

*These Equity Shares were allotted to FTIL in consideration for software provided by FTIL to the Company under certain software agreements. For more details, see the section titled “History and Certain Corporate Matters-

Agreement with our Promoter" on page 96 of this Draft Red Herring Prospectus.

**These Equity Shares were sold to FTIL on August 25, 2003.

***The reduction of share premium was due to share issue expenses being written off against share premium.

2. **Promoter's Contributions and Lock-In**

History of equity shares Held by the Promoters

Name of the Promoter	Date on which the equity shares were acquired/ transferred	No. of Equity Shares*	Face Value * (Rs)	Issue / Acquisition price* (Rs)	Nature of payment of consideration	% of Pre Issue cumulative Paid Up Capital
FTIL	August 25, 2003	100,000	5	5.00	Cash	0.13
	September 6, 2003	20,000,000	5	5.00	Other than Cash**	25.72
	March 10, 2004	10,000,000	5	5.00	Purchase by Promoters (other than Cash**)	38.52
	April 11, 2005	20,000,000	5	5.00	Allotment to Promoters	64.11
	September 26, 2007	(3,907,540)	5	525.00	Sale by Promoters (cash)	59.11
	September 27, 2007	(3,907,540)	5	525.00	Sale by Promoters (cash)	54.11
	October 25, 2007	(1,563,016)	5	577.50	Sale by Promoters (cash)	52.11
	October 29, 2007	(2,344,524)	5	577.50	Sale by Promoters (cash)	49.11
	November 7, 2007	(2,476,190)	5	525.00	Sale by Promoters (cash)	45.94
	November 19, 2007	(296,000)	5	525.00	Sale by Promoters (cash)	45.56
	November 30, 2007	(3,907,540)	5	577.50	Sale by Promoters (cash)	40.56
	December 13, 2007	(521,000)	5	577.50	Sale by Promoters (cash)	39.89
	December 14, 2007	(781,508)	5	577.50	Sale by Promoters (cash)	38.89
	December 20, 2007	(260,508)	5	577.50	Sale by Promoters (cash)	38.56
	December	(781,508)	5	577.50	Sale by	37.56***

Name of the Promoter	Date on which the equity shares were acquired/ transferred	No. of Equity Shares*	Face Value * (Rs)	Issue / Acquisition price* (Rs)	Nature of payment of consideration	% of Pre Issue cumulative Paid Up Capital
	24, 2007				Promoters (cash)	

*The share capital of the Company has been sub-divided from Face Value of Rs 10 each to Rs. 5 each pursuant to a resolution of the shareholders passed at the AGM dated September 1, 2007. Accordingly the above information has been adjusted.

**These equity shares were allotted to FTIL in consideration for software provided by FTIL to the Company under certain software agreements. For more details, see the section titled "History and Certain Corporate Matters- Agreement with our Promoter" on page 96 of this Draft Red Herring Prospectus.

*** FTIL and the Company entered into a binding Term Sheet with NYSE Euronext N.V. on February 15, 2008 under which NYSE Euronext, subject to receiving appropriate regulatory approvals, has agreed to acquire 3,907,540 Equity Shares of Face Value Rs. 5 each representing 5% of the pre-issue shareholding of the Company from FTIL solely or certain other existing shareholders identified by FTIL.

All Equity Shares which are being locked in are eligible for computation of Promoter's contribution and lock in under clause 4.6.1 of the SEBI Guidelines from the date of Allotment in this Issue. The Equity Shares held by the Promoter, to be locked-in for a period of three years from the date of Allotment have been computed as 20% of our Equity Share capital after the Issue

Name	Date on which the Equity Shares were allotted / acquired	Nature of Allotment	Nature of consideration	Number of Equity Shares	Par value	Issue/ Transfer Price	% of post-Issue paid-up equity capital
FTIL	April 11, 2005	Further Allotment	Cash	16,908,870**	5*	5*	20.06

* FTIL was allotted 10,000,000 equity shares of Rs 10 each which were sub divided into 20,000,000 Equity Shares of Rs 5 each on September 1, 2007

**391,280 options which have vested as of the date of this Draft Red Herring Prospectus have been taken into account for calculating promoter's contribution of 20% of Post Issue Capital for lock-in.

The Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as promoters under the SEBI guidelines. All Equity Shares been included for computation of Promoters contribution and locked-in for three years are not ineligible for such purposes under clause 4.6 of the SEBI Guidelines.

Further other than the options granted and Equity Shares held by Employees allotted under the ESOS and the Equity Shares constituting the Offer for Sale, the entire pre-Issue Equity Share capital of the Company will be locked-in for the period of one year from the date of Allotment of Equity Shares in this Issue.

Locked-in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the equity shares is one of the terms of the sanction of the loan.

Provided that securities locked in as minimum Promoter's contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or financial institutions for the purpose of financing one or more objects of the issue.

In terms of clause 4.16.1(b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations

Further, in terms of clause 4.16.1(a) of the SEBI Guidelines, Equity Shares held by shareholders other than the Promoter may be transferred to any other person holding Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

3. No Equity Shares have been sold or purchased by our Promoter, directors of our Promoter and our Promoter Group companies, during the period of six months preceding the date on which the Draft Red Herring Prospectus is filed with SEBI other than as follows:

Transferor	Transferee	Price (Rs)	No of Equity shares	Date of Transfer
FTIL	Citigroup Strategic Holdings Mauritius Limited	525.00	3,907,540	September 26, 2007
FTIL	Merrill Lynch Holdings (Mauritius)	525.00	3,907,540	September 27, 2007
FTIL	GLG Financial Fund	577.50	1,563,016	October 25, 2007
FTIL	Passport India Investments (Mauritius) Limited.	577.50	2,344,524	October 29, 2007
FTIL	ICICI Trusteeship Service Limited	525.00	2,476,190	November 7, 2007
FTIL	ICICI Lombard General Insurance Company	525.00	296,000	November 19, 2007
FTIL	IL&FS Trust Company Limited	577.50	3,907,540	November 30, 2007
FTIL	Kotak Mahindra Trusteeship Services Limited	577.50	521,000	December 13, 2007
FTIL	New Vernon Private Equity Limited	577.50	781,508	December 14, 2007
FTIL	Kotak Mahindra Trusteeship Services Limited	577.50	260,508	December 20, 2007
FTIL	Alexandra Mauritius Limited	577.50	781,508	December 24, 2007

Note: FTIL and the Company entered into a binding Term Sheet with NYSE Euronext N.V. on February 15, 2008 under which NYSE Euronext, subject to receiving appropriate regulatory approvals, has agreed to acquire 3,907,540 Equity Shares of Face Value Rs. 5 each representing 5% of the pre-issue shareholding of the Company from FTIL solely or certain other existing shareholders identified by FTIL.

4. Except as set out in Note 8 below under "Employee Stock Option Scheme", none of our Directors, Key Managerial Personnel and directors of FTIL holds Equity Shares as of the date of filing this Draft Red Herring Prospectus. For details see page 29 of this Draft Red Herring Prospectus.

5. **Equity Shares held by top ten shareholders**

Our top ten shareholders and the Equity Shares held by them on the date of filing the Draft

Red Herring Prospectus with SEBI are as follows:

S. No	Name	Number of Equity Shares held*	
		On the date of filing the Draft Red Herring Prospectus with SEBI	Percentage shareholding
1.	FTIL	29,353,126	37.56**
2.	FID Funds (Mauritius) Limited	7,200,000	9.21
3.	State Bank of India	4,200,000	5.37
4.	Citigroup Strategic Holdings Mauritius Limited	3,907,540	5.00
5.	Merrill Lynch Holdings (Mauritius)	3,907,540	5.00
6.	IL and FS Trust Company Limited	3,907,540	5.00
7.	Corporation Bank	2,840,000	3.63
8.	NABARD	2,500,000	3.20
9.	ICICI Trusteeship Service Limited	2,476,190	3.17
10.	Passport India Investment (Mauritius) Limited	2,344,524	3.00

*Equity Shares of Rs 10 each were sub- divided into Equity Shares of Rs 5 each on September 1, 2007.

** FTIL and the Company entered into a binding Term Sheet with NYSE Euronext N.V. on February 15, 2008 under which NYSE Euronext, subject to receiving appropriate regulatory approvals, has agreed to acquire 3,907,540 Equity Shares of Face Value Rs. 5 each representing 5% of the pre-issue shareholding of the Company from FTIL solely or certain other existing shareholders identified by FTIL.

Our top ten shareholders and the Equity Shares held by them ten days prior to the date of filing the Draft Red Herring Prospectus with SEBI are as follows:

S. No	Name	Number of Equity Shares held*	
		Ten days prior to the date of filing the Draft Red Herring Prospectus with SEBI*	Percentage shareholding
1.	FTIL	29,353,126	37.56
2.	FID Funds (Mauritius) Limited	7,200,000	9.21
3.	State Bank of India	4,200,000	5.37
4.	Citigroup Strategic Holdings Mauritius Limited	3,907,540	5.00
5.	Merrill Lynch Holdings (Mauritius)	3,907,540	5.00
6.	IL and FS Trust Company Limited	3,907,540	5.00
7.	Corporation Bank	2,840,000	3.63
8.	NABARD	2,500,000	3.20
9.	ICICI Trusteeship Service Limited	2,476,190	3.17
10.	Passport India Investment (Mauritius) Limited	2,344,524	3.00

*Equity Shares of Rs 10 each were sub- divided into Equity Shares of Rs 5 each on September

1, 2007

Our top ten shareholders and the Equity Shares held by them two years prior to the date of filing the Draft Red Herring Prospectus are as follows:

Sr. No.	Name	No. of equity shares of Rs 5 each*	Percentage shareholding
1.	FTIL	50,100,000	70.85
2.	State Bank of India	4,200,000	5.94
3.	Corporation Bank	2,840,000	4.02
4.	NABARD	2,500,000	3.54
5.	National Stock Exchange of India Limited	2,000,000	2.83
6.	Bennett, Coleman & Company Limited	1,513,650	2.14
7.	Union Bank Of India	840,000	1.19
8.	Bank of India	840,000	1.19
9.	Canara Bank	840,000	1.19
10.	Bank of Baroda	840,000	1.19

*Equity Shares of Rs 10 each were sub- divided into Equity Shares of Rs 5 each on September 1, 2007

6. As of the date of the Draft Red Herring Prospectus, except the 907,202 outstanding options issued pursuant to the ESOP scheme dated January 16, 2006, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.

7. **Shareholding pattern before and after the Issue**

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue

	Equity Shares owned prior to the Issue		Equity Shares owned after the Issue	
Shareholder Category	**Number****	**%**	**Number**	**%**
Promoter				
FTIL	29,353,126	37.56***	25,845,476	30.71***
Sub Total (A)	29,353,126	37.56	25,845,476	30.71
Other Investors				
Union Bank of India	840,000	1.08	840,000	1.00
Corporation Bank	2,840,000	3.63	2,347,650	2.79
Bank of India	840,000	1.07	840,000	1.00
State Bank of India	4,200,000	5.37	4,200,000	4.99
Canara Bank	840,000	1.07	840,000	1.00
State Bank of Indore	420,000	0.54	420,000	0.50
Bank of Baroda	840,000	1.07	840,000	1.00
State Bank of Hyderabad	420,000	0.54	420,000	0.50
SBI Life Insurance Company Limited	420,000	0.54	420,000	0.50
State Bank of Saurashtra	420,000	0.54	420,000	0.50
HDFC Bank Limited	840,000	1.07	840,000	1.00
NSE	2,000,000	2.56	2,000,000	2.38
NABARD	2,500,000	3.20	2,500,000	2.97
State Bank of Patiala	420,000	0.54	420,000	0.50

	Equity Shares owned prior to the Issue		Equity Shares owned after the Issue	
Shareholder Category	**Number****	**%**	**Number**	**%**
Bennett, Coleman & Company Limited	1,513,650	1.94	1,513,650	1.80
State Bank of Travancore	420,000	0.54	420,000	0.50
State Bank of Mysore	420,000	0.54	420,000	0.50
State Bank of Bikaner & Jaipur	420,000	0.54	420,000	0.50
FID Funds (Mauritius) Limited	7,200,000	9.21	7,200,000	8.56
Shares allotted to Employees of FTIL and the Company (ESOS)	237,178	0.30	237,178	0.28
Citigroup Strategic Holdings Mauritius Limited	3,907,540	5.00	3,907,540	4.64
Merrill Lynch Holdings (Mauritius)	3,907,540	5.00	3,907,540	4.64
Passport India Investments (Mauritius) Limited.	2,344,524	3.00	2,344,524	2.79
GLG Financial Fund	1,563,016	2.00	1,563,016	1.86
ICICI Trusteeship Service Limited	2,476,190	3.17	2,476,190	2.94
ICICI Lombard General Insurance Company Limited	296,000	0.38	296,000	0.35
IL & FS Trust Company Limited	3,907,540	5.00	3,907,540	4.64
Kotak Mahindra Trusteeship Services Limited	781,508	1.00	781,508	0.93
New Vernon Private Equity Limited	781,508	1.00	781,508	0.93
Alexandra Mauritius Limited	781,508	1.00	781,508	0.93
Sub Total (B)	48,797,702	62.44	48,305,352	57.40
Public Issue			10,000,000	11.88
Total	**78,150,828**	**100%**	84,150,828	100.00

* This is based on the assumption that the existing shareholders shall not subscribe for Equity Shares in the Issue.

** Equity shares of Rs. 10 each were sub divided into Equity Shares of Rs. 5 each on September 1, 2007.

*** FTIL and the Company entered into a binding Term Sheet with NYSE Euronext N.V. on February 15, 2008 under which NYSE Euronext, subject to receiving appropriate regulatory approvals, has agreed to acquire 3,907,540 Equity Shares of Face Value Rs. 5 each representing 5% of the pre-issue shareholding of the Company from FTIL solely or certain other existing shareholders identified by FTIL.

8. **Employee Stock Option Scheme (ESOS)**

We have instituted a stock option scheme to reward and help retain our employees. We have granted stock options to our directors and employees, and employees and directors of FTIL pursuant to the ESOS. The Stock Options were granted on January 16, 2006. At the time of the issue of the Stock Options the face value of the equity share was Rs. 10 each. The shareholders at the 5th Annual General Meeting of the Company held on September 1, 2007 passed a resolution for the sub-division of the Company's equity share from the face value of Rs. 10 each to the face value of Rs. 5 each. The following table sets forth the particulars of Stock Options granted under ESOS as of the date of this Draft Red Herring Prospectus as adjusted for sub-division of the Equity Share from the face value of Rs. 10 each to the Equity Share of face value of Rs. 5 each:

		Options adjusted for sub-division of the equity share from the face value of Rs. 10 each to the equity share of face value of Rs. 5 each
A.	**Options outstanding**	911,202
B.	**Options granted**	1,300,000
C.	**Exercise Price**	Rs. 14
D.	**Options vested**	239,418
E.	**Options exercised**	237,178
F.	**Total number of Equity Shares arising as a result of exercise of options**	237,178
G.	**Options forfeited / lapsed**	151,620
H.	**Extinguishment or modification of options**	NIL
I.	**Money realised by exercise of options**	Rs. 3,320,492
J	**Fully Diluted EPS (on a pre-Issue basis)**	23.58*
K.	**Vesting schedule**	The vesting schedule for the options granted is as follows: 1. at the end of 12 months from the date of grant: 20% 2. at the end of 24 months from the date of grant: 30% 3. at the end of 36 months from the date of grant: 50%**
L.	**Lock-in**	In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

*Profit after Tax for Fiscal 2007 / Pre-Issue Equity Share Capital adjusted for the options granted under the ESOS.

** We have sought the approval of the shareholders at our Extra Ordinary General Body Meeting which is proposed to be held on February 27, 2008 to cause the third tranch of options to vest after a period of 26 months from the date of grant of the options i.e. March 15, 2008, instead of 36 months from the date of grant of the options as currently provided.

As at the date of this Draft Red Herring Prospectus, the Company also intends, prior to the Issue, to establish the following ESOP scheme pursuant to which options to acquire Equity Shares will be granted to employees, including Directors. The terms of this ESOP scheme was approved by the Board at its meeting held on January 19, 2008. The details of the proposed scheme are as follows:

A.	**Options proposed to be granted**	2,600, 000
B.	**Exercise Price**	Fair Market Value as per SEBI ESOP/ ESPS Guidelines

C.	**Options vested**	NIL
D.	**Options exercised**	NIL
E.	**Total number of Equity Shares arising as a result of exercise of options**	2,600, 000 (post grant and post exercise)
F.	**Options forfeited / lapsed**	NIL
G.	**Money realised by exercise of options**	NIL
H.	**Fully Diluted EPS (on a pre-Issue basis)**	[●]
I.	**Vesting schedule**	The vesting schedule for the options granted is as follows: 1. at the end of 12 months from the date of grant: 10% 2. at the end of 24 months from the date of grant: 20% 3. at the end of 36 months from the date of grant: 30% 4. at the end of 48 months from the date of grant: 40%
J.	**Lock-in**	In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

Options under this scheme will be granted as soon as reasonably practicable after its adoption by the shareholders and, in any event, prior to the filing of the Red Herring Prospectus with the Registrar of Companies. In addition, their adoption and operation by the Company will require, amongst other things, the prior approval of the shareholders. This approval will be sought at the EGM due to be held on February 27, 2008.

Accordingly, this Draft Red Herring Prospectus does not contain the disclosures relating to the scheme as required by the SEBI (Employee Stock Option Scheme (ESOP) and Employee Stock Purchase (EPS)) Guidelines, 1999 (the ''SEBI Option Guidelines''). The Red Herring Prospectus will contain full disclosure in relation to the scheme.

Person-wise details of options granted to Directors and key managerial persons:

Except as stated below, none of our key managerial persons or directors in the Company as on the date of the filing of the Draft Red Herring Prospectus, has received a grant of options in any one year:

Name	Position	Stock Options adjusted to give effect to the sub-division	No of Equity shares held(pursuant to conversion of options)
Directors			
Venkat R. Chary	Chairman	10,000	2,000
Joseph Massey	Deputy Managing	20,000	4,000

Name	Position	Stock Options adjusted to give effect to the sub-division	No of Equity shares held(pursuant to conversion of options)
	Director		
V. Hariharan	Non Executive Director	165,652	33,130
Dr. S. Narayan	Non Executive Independent Director	10,000	2,000
Dr. Urjit R. Patel	Non Executive Independent Director	4,000	800
P. G. Kakodkar	Non Executive Director	6,000	1,200
C. M. Maniar	Non Executive Independent Director	2,000	400
Shvetal S. Vakil	Non Executive Independent Director	2,000	400
Ashish S. Dalal	Non Executive Director	2,000	400
C. Subramaniam	Non Executive Director	4,000	800
Key Managerial Personnel			
Jayesh Shah	Vice President	5,000	1,000
Kalpesh Shukla	Vice President	3,000	600
S. A. Srinivas	Vice President	4,000	800
Dr. M. Pavaskar	Director, MCX academia of economic research	6,000	1,200
Girish Raipuria	Vice President	5,000	1,000

In addition, one of the directors of our Promoter, FTIL, Ravi K. Sheth has been granted 2,000 Stock Options (after the adjusting for the sub-division of share from the face value of Rs. 10 per share to Rs. 5 per Equity Share). Out of these 400 Stock Options have been exercised as on date. Also another employee of FTIL, Paras Ajmera has been granted 164,848 options (after the adjusting for the sub-division of share from the face value of Rs. 10 per share to Rs. 5 per share). Out of these 32,968 have been exercised as on date under the ESOS.

Other than as stated above, none of our Directors or the our key managerial personnel or directors of FTIL holds Equity Shares and only 50% of the options granted under ESOS have vested as of the date of this Draft Red Herring Prospectus. We have sought the approval of the shareholders at our Extra Ordinary General Body Meeting which is proposed to be held on February 27, 2008 to cause the third tranch of options to vest after a period of 26 months from the date of grant of the options i.e. March 15, 2008.

Our Directors and the Key Management Personnel who have been granted Stock Options and Equity Shares on the exercise of the Stock Options pursuant to ESOPs have confirmed to us that they do not intend to sell any shares arising from such Options for three months after the date of listing of the Equity Shares in this Issue. Other employees holding Equity Shares at the time of listing of Equity Shares and Equity Shares on exercise of vested Options may sell Equity Shares within the three month period after the listing of the Equity Shares. This disclosure is made in accordance with para 15.3 (b) and 15.3 (c) of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2000.

9. Neither we nor our Directors nor the Promoter or its directors, nor the BRLMs have entered into any buyback and/or standby arrangements for the purchase of our Equity Shares from any

person.

10. We have not raised any bridge loan against the proceeds of the Issue. For details on use of proceeds, see the section titled "Objects of the Issue" on page 35 of this Draft Red Herring Prospectus.

11. Not less than 60% of the Net Issue shall be allocated to QIBs on a proportionate basis. 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for Allotment to the QIB Bidders including Mutual Funds. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill-over from any other category at the discretion of the Company, the Selling Shareholders and the BRLMs. The Issue includes the Business Associates Reservation Portion of up to 250,000 Equity Shares, Employee Reservation Portion of up to 500,000 Equity Shares and Existing FTIL Shareholders Reservation Portion of up to 250,000 Equity Shares, which are available for allocation to Business Associates, Eligible Employees and Existing FTIL Shareholders respectively, on a proportionate basis.

12. Only Business Associates, Eligible Employees and Eligible Existing FTIL Shareholders would be eligible to apply in this Issue under the Business Associates Reservation Portion, Employee Reservation Portion and Existing FTIL Shareholders Reservation Portion respectively, on competitive basis. Bid/ Application by Eligible Employees and Existing FTIL Shareholders can be made also in the "Net Issue" and such Bids shall not be treated as multiple Bids.

13. Under subscription, if any, in the Reservation Portion will be added back to the Net Issue at the discretion of the Company, the Selling Shareholders and the BRLMs, subject to the Net Issue constituting 10% of the Post-Issue capital of the Company.

14. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

15. Except for Stock Options granted under our ESOS which may be exercised, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the equity shares offered hereby have been listed.

16. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or otherwise. However, during such period or at a later date, we may issue Equity Shares pursuant to the ESOS or issue equity shares or securities linked to equity shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of the Company.

17. We have not issued any Equity Shares out of revaluation reserves. We have issued Equity Shares to FTIL as consideration for software. For more details see the section titled "History and Certain Corporate Matters- Agreement with our Promoter" on page 92 of this Draft Red Herring Prospectus. Further, we have not made any bonus issues.

18. There will be only one denomination of the Equity Shares of the Company unless otherwise permitted by law and the Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

19. Our Company has not made any loans and advances to any person (s)/ company in which the Directors are interested.

20. Except in the section titled "Capital Structure", "Our Promoters and Promoter Group", or " Our Management" beginning on page 105 of the DRHP respectively, none of our Promoters, Directors and Key Managerial Persons have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held, if any, held by them or their relatives and associates or held by the Companies, firms and trusts in which they are interested as directors, members, partners or trustees to the extent of the benefits arising out of such shareholding.

21. Our Company or the Promoter shall not make any payments direct or indirect, discounts, commission allowances or otherwise under this Issue.

22. As of the date of the Draft Red Herring Prospectus, we had 610 shareholders.

OBJECTS OF THE ISSUE

The objectives of the Fresh Issue are:

1. Expansion and Enhancement of the information technology infrastructure of the Exchange;
2. Setting up of the Commodity Ecosystem Infrastructure;
3. Equity investment in clearing corporation set up by MCX;
4. Strategic investments and acquisitions;
5. General corporate purposes;
6. Meeting the Issue expenses; and
7. Achieve the benefits of listing.

The net proceeds of the Fresh Issue, after deducting all Issue related expenses, are estimated to be Rs. [•] million. We believe that listing will enhance our brand name, provide liquidity to our existing shareholders including our employees who hold Equity Shares under our ESOS and create a public market for our Equity Shares. We will not receive any proceeds from the sale of the Equity Shares by the Selling Shareholders.

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The fund requirement below is based on our current business plan. In view of the highly competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement may also change. This may include rescheduling of our capital expenditure programmes and strategic investments and acquisitions increase or decrease the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of our management. In case of any variations in the actual utilization of funds earmarked for the above activities, any increased fund deployment for a particular activity will be met from our internal accruals.
The details of the proceeds of the Fresh Issue are summarized in the table below:

Means of Finance	Rs. Million
Gross proceeds of the Issue	[•]
Issue related expenses	[•]
Net proceeds of the Issue	[•]
Internal Accruals	[•]
Total	[•]

The following table summarizes the intended use of proceeds from the Fresh Issue:

Use of Proceeds	Estimated Use (Rs. Million)
1. Expansion and Enhancement of our Technology Infrastructure of the Exchange.	1,351.00
2. Setting up of a Commodity Ecosystem Infrastructure	500.00
3. Equity investment in clearing corporation promoted by MCX	1,000.00
4. Strategic investments and acquisitions	250.00
5. General Corporate Purposes	[•]
6. Estimated Issue Expenses	[•]
Total	[•]

We confirm that our internal accruals are sufficient to meet the fund requirement as reduced by net proceeds of the Issue as stated above. As of December 31, 2007, our cash and bank balances were at Rs 1,007.51 million and our reserves and surplus was Rs. 2,839.17 million. The shortfall in funds, if any, shall be met by internal accruals.

As of date of this Draft Red Herring Prospectus, we have not incurred any expenditure out of the requirements stated herein. However, our Company may be required to meet certain payments or expenditures out of internal accruals, pending realization of Issue proceeds.

EXPANSION AND ENHANCEMENT OF OUR TECHNOLOGY INFRASTRUCTURE

Technology plays an important role in our business and therefore, we are committed to its ongoing improvement and maintenance. We believe that a well designed technical setup along with a structured technology road map will increase the reliability and scalability of our trading system. To accommodate the increasing transaction load, we regularly monitor the technical infrastructure and plan upgrades to the Exchange technology. The periodicity of such exercise is determined in such manner as to enable us to take advantage of the latest technology including increased processing power and security features. The primary objective of the proposed technology upgradation is to establish a Business Continuity Plan (BCP), enhance capacity and security of existing trading system and for the effective monitoring of systems and networking. . The following table sets out the various components of our intended use of proceeds for the expansion and enhancement of our technology infrastructure for the exchange:

Sr. No.	Name of the Project	Cost (Rs. Million)	Location	Estimated schedule of deployment of funds (Rs. Million)	
				Fiscal 2009	Fiscal 2010
1.	Implementation of Business Continuity Plan	480.00	Chennai, Navi Mumbai	413.00	67.00
2.	Enhancement of the security infrastructure	46.00	Mumbai	46.00	0.00
3.	Upgradation of the software and hardware capacity	550.00	Mumbai	400.00	150.00
4.	Upgradation of the network, testing infrastructure and expansion of data centre	75.00	Mumbai	75.00	0.00
5.	Data warehousing	200.00	Mumbai	150.00	50.00
Total Cost		**1351.00**		**1084.00**	**267.00**

Implementation of Business Continuity Plan

We currently have a site in Chennai which provides us with back up facilities for our data requirements in the event of any failures at our primary site in Mumbai. During the current financial year, we have set up a back up site at Navi Mumbai also as “Near Online” site. As a part of implementation of our Business Continuity Plan, we plan to upgrade our Disaster Recover Site (DRS) at Chennai which falls under a different seismic zone. The DRS is proposed to be shifted to a new premise which is to be bought on an ownership basis at Chennai to enable the transition of the entire trading and clearing operations of the Exchange to the DRS at Chennai in the event of a disaster at the primary site at Mumbai. The technology infrastructure for operating the exchange is proposed to be replicated at the DRS, including connectivity to the primary site. The DRS is proposed to have links to various service providers of the exchange, which in turn would enable the members to resume trading in the event of a failure at the primary site.

We estimate that the fund requirements to upgrade the DRS shall be as follows:

Sr. No.	Name of the Project	Cost (Rs. Million)	Estimated schedule of deployment of funds (Rs. Million)		Vendors from whom quotations have been received / Management estimates
			Fiscal 2009	Fiscal 2010	
1	Bandwidth management tools	4.00	2.00	2.00	Sify Limited/FTIL
2	Hardware and network equipment for the exchange setup	170.00	105.00	65.00	Stratus Technologies / Maple Systems Private Limited / Datamax Infotech / Pentagon System and Services Private Limited / Financial Technologies (India) Limited/FTIL
3	Exchange application software license	185.00	185.00	0.00	Financial Technologies (India) Limited
4	Security Infrastructure	39.00	39.00	0.00	Sify Limited/FTIL
5	Infrastructure Management Solutions	12.00	12.00	0.00	Maple Systems Private Limited / Pentagon System and Services Private Limited / Financial Technologies (India) Limited
6	Data centre set up	20.00	20.00	0.00	APC
7	Purchase of Premises	50.00	50.00	0.00	Cushman & Wakefield

Enhancement of the security infrastructure

The current security setup at the exchange has to be enhanced to meet future security requirements. Therefore, we propose to undertake the following:

a. Implementation of firewall solution to handle higher loads in high-availability mode at the primary site.

b. Implementation of latest intrusion prevention systems (IDS/IDP) to counter electronic security threat.

c. Incorporation of centralised security management tools including Network General Systems and Network management suite which would collate inputs received from different Servers, and Network sources.

On the basis of quotes received, we estimate that fund requirements for enhancing the security infrastructure at Rs. 46.00 million.

Upgradation of the software and hardware capacity

The current Exchange hardware and software is equipped to handle up to one million trades per day. We intend to implement hardware upgradation with 64 bits OS and upgradation of software which can handle more than three million trades per day.

We propose to procure the upgraded Stratus ftServer which will enable us to increase the processing capabilities and therefore improve the transaction handling capacity of the system.

Sr. No.	Name of the Project	Cost (Rs. Million)	Location	Estimated schedule of deployment of funds (Rs. Million)		Vendors from whom quotations have been received / Management estimates
				Fiscal 2009	Fiscal 2010	
1.	Application	400.00	Mumbai	200.00	200.00	Financial Technologies (India)

Sr. No.	Name of the Project	Cost (Rs. Million)	Location	Estimated schedule of deployment of funds (Rs. Million)		Vendors from whom quotations have been received / Management estimates
				Fiscal 2009	Fiscal 2010	
	Software upgrade					Limited
2.	Hardware upgrade	130.00	Mumbai	130.00	0.00	Stratus Technologies / Maple Systems Private Limited / Datamax Infotech / Pentagon System and Services Private Limited/ FTIL
3.	System Integration charges	20.00	Mumbai	10.00	10.00	Financial Technologies (India) Limited

Upgradation of the network, testing infrastructure and expansion of data centre

We propose to replace the current core switches with an upgraded version to support higher data loads and enable faster turn around time. We intend to procure higher internet bandwidth to improve our capabilities in handling higher volumes in the internet trading segment. Further, we propose to install a network and systems management software which will centralise management of our systems and network infrastructure

In addition, we intend to upgrade the present testing infrastructure, which would enable us to replicate the current exchange set up during the testing processes. This upgradation would entail procurement of additional servers and network equipments.

With higher volumes, the equipments at our data centre have been increasing and therefore, we need to expand and upgrade our current facilities. For this, we shall be required to upgrade the uninterrupted power system (UPS) and the diesel generator set. In addition, we require precision cooling equipment for better cooling of the data centre and enhancement of the current fire detection and suppression systems.

The estimated fund requirement for enhancing the network is as follows:

Sr. No.	Name of the Project	Cost (Rs. Million)	Location	Estimated schedule of deployment of funds (Rs. Million)		Vendors from whom quotations have been received / Management estimates
				Fiscal 2008	Fiscal 2009	
1.	Upgradation of the Network	10.00	Mumbai	10.00	0.00	Airtel
2.	Upgradation of the testing infrastructure	5.00	Mumbai	5.00	0.00	Maple Systems Private Limited / Datamax Infotech / Pentagon System and Services Private Limited/FTIL
3.	Datacentre upgradation and expansion	40.00	Mumbai	40.00	0.00	APC
4.	Systems and Network management suite.	20.00	Mumbai	20.00	0.00	Maple Systems Private Limited / Datamax Infotech / Pentagon System and Services Private Limited/FTIL

Data warehousing

We intend to implement an electronic data warehousing application for business trend analysis and this would involve procurement of data storage solutions, third party software tools, database licensing, operating systems and hardware for the same. This data warehousing application shall be developed using these tools to suit our requirements and shall also help us enhance our risk management capabilities.

The estimated fund requirements for data warehousing is as follows:

Sr. No.	Name of the Project	Cost (Rs. Million)	Location	Estimated schedule of deployment of funds (Rs. Million)		Vendors from whom quotations have been received / Management estimates
				Fiscal 2009	Fiscal 2010	
1.	Software and hardware tools for data warehousing	100.00	Mumbai, Navi Mumbai, Chennai	100.00	0.00	Pentagon System and Services Private Limited
2.	Application development cost	100.00	Mumbai	50.00	50.00	Financial Technologies (India) Limited

SETTING UP OF COMMODITY ECOSYSTEM INFRASTRUCTURE

We are pursuing a number of activities which we believe will strengthen the commodity market ecosystem within the country for the benefit all stakeholders including intermediaries and consumers and public at large.

As on date, we on our own have electronically connected 7 APMC markets for dissemination of commodity prices through ticker boards. We intend to extend such facility to cover many other APMC markets in major centres spread across India for price dissemination. The nationwide information sharing shall facilitate the creation of common commodity market. The initiative is aimed at reaching grass-root level commodity participants through technology and creating awareness among the farming community, thus, narrowing the gap between the producer and consumer. This is meant to provide price information and thus provide an opportunity to the farmers to hedge their price risk by participating in the agriculture commodity futures market. Extensive use of information communication technology (“ICT”) will be the driver for achieving this initiative. Satellite technology will be used apart from terrestrial links. Networking components will form part of the large-scale integration required for the same. Linking up the APMC markets would include following: (i) setting up VSATs; (ii) setting up the electronic display boards; (iii) installation of the computer system, UPS and Peripherals; (iv) Connectivity and administrative costs; (v) Site survey and preparation, including related charges such as transportation, installation cost, site deposit, site rentals, packing, handling etc; and (vii) recurring cost like bandwidth cost, maintenance charges, operational cost etc. Through this initiative, we expect to cover around 175-200 APMC markets and it is further estimated that the total cost of linking each APMC market would be around Rs. 0.25-0.30 million. This project is expected to cost approximately Rs. 50 million to be spent over a period of next threeyears.

Currently, other than premises at Mumbai, we have branch offices in nine cities, namely, Ahmedabad, Hyderabad, Chennai, New Delhi, Jaipur, Cochin, Kolkata, Lucknow and Bangalore and representatives at two cities, namely, Indore and Rajkot. The branch offices are operating from leased premises. Considering that these are important centres, our Company needs to have its own premises in such centres which would help in reducing operating costs, providing necessary support to our members in the region surrounding the cities and also support business development. It has been estimated that our Company shall need a space of around 2,000 square feet to about 5,000 square feet in each of these cities and the cost of premises and civil, plumbing, electrical and other interior work therein is expected to vary from approximately Rs. 7,500 per square feet to Rs. 25,000 per square feet. Our Company is in the process of identifying premises in suitable locations in such cities. The total cost on setting branch offices across India is estimated to be around Rs. 450 million which would be spent over a period of next 2-3 years.

The estimated fund requirement is as follows:

Sr. No.	Nature of the activities	Cost (Rs. Million)	Location	Estimated schedule of deployment of funds (Rs. Million)		
				Fiscal 2009	Fiscal 2010	Fiscal 2011
1.	Set up costs for price dissemination at the APMC centres	50.00	Various centres across India	20.00	20.00	10.00
2.	Cost of acquiring branch offices	450.00	Various centres across India	250.00	100.00	100.00

EQUITY INVESTMENT IN CLEARING CORPORATION PROMOTED BY MCX

World over the commodity exchanges have typically concentrated on designing of products and trading technology. Clearing, settlement and related risk management functions are carried out by specialised clearing corporations. This is because clearing is a key factor for credibility and efficient functioning of an exchange.

It is imperative that the domestic markets wishing to internationalize ensure that the clearing facilities and guarantees meet the minimum acceptable international standards.

It is proposed that we set up a multi-asset, multi-market clearing corporation, as a wholly owned subsidiary, which would also extend its services to the other exchanges like the spot exchange and the energy exchange, once they are operational. To begin with, the existing clearing house activities could be hived off into a separate organization which would have its own set of Bye-Laws, Rules and Regulations that would govern the structure. FMC vide their letter dated January 28, 2008 has granted us approval to set up a clearing corporation as a wholly owned subsidiary.

Our Company or the Clearing Corporation would take any other necessary regulatory approvals if and when required to do so.

In view of above and in order to provide a strong capital structure for the clearing corporation, our Company intends to capitalize the said clearing corporation to the tune of Rs. 1000 million by Fiscal 2009, subject to receiving necessary approvals.

STRATEGIC INVESTMENTS AND ACQUISITIONS

Considering increasing globalization of businesses and cross border mergers and acquisitions, it is likely that our Company take strategic stake in companies within and outside India, as and when such opportunities arise, which would enhance business prospects and increase stakeholder value. We intend to make such investments after evaluating the merits of each such opportunities on a case to case basis and taking into account the prospects of inbound, outbound and regional business in such companies.

We intend to use not more than Rs. 250 million out of the Fresh Issue proceeds towards partial or full fund requirements with respect to the abovementioned strategic investments and acquisitions. Balance requirement of funds, if any, to fund any of the above strategic investments and acquisitions would be met out of internal accruals. The amount would be utilized when a good opportunity arises which is in line with our businessstrategy. The same shall be utilized before the end of Fiscal 2010.

General Corporate Purposes

We intend to use Rs. [●] million for general corporate purposes. This amount would be used to meet various set-up and infrastructure expenditure on office automation, office interiors including civil works, electrical works, furniture and fixtures.

Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Expense (in Rs. million)*
Lead management fee and underwriting commissions..............	[●]
Advertising and Marketing expenses...	[●]
Printing and stationery..	[●]
Others (Registrars fee, IPO grading fees, Registrar's fees, listing fees, legal fee, etc.)...	[●]
Total estimated Issue expenses..	[●]

* will be incorporated after finalisation of Issue Price

The Issue expenses, except the listing fee, shall be shared between the Company and the Selling Shareholders in the proportion of the number of shares sold as part of the Issue. The listing fees will be paid by the Company.

Interim use of funds

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposit with banks for necessary duration and other investment grade interest bearing securities as may be approved the by Board of Directors or a Committee thereof. Such transactions would be at the prevailing commercial rates at the time of investment. Further, we would not deploy proceeds of the Fresh Issue in equity capital markets.

Monitoring of Utilization of Funds

The Board shall monitor the utilization of the proceeds of the Fresh Issue. In accordance with Clause 49 of the Listing Agreement which shall be entered into with the Stock Exchanges, the uses/ applications of funds raised through the Fresh Issue shall be disclosed to the audit committee on a quarterly basis as a part of the quarterly declaration of financial results. Further, on an annual basis, a statement of funds utilized for the purposes other than those stated in the Draft Red Herring Prospectus shall be placed before the Audit Committee. This statement shall also be certified by our Auditors. Also see the section titled, "Issue Procedure" on page 270 of this Draft Red Herring Prospectus.

No part of the Fresh Issue proceeds will be paid by the Company as consideration to the Promoter, the Directors, the Company's key management personnel or companies promoted by the Promoters except in the usual course of business and as stated in the Draft Red Herring Prospectus. We have received quotes from our Promoter, FTIL in relation to software required for the purpose of the proposed technology upgradation and to that extent the Fresh Issue proceeds may be utilized for payment to FTIL.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company and the Selling Shareholders in consultation with BRLMs on the basis of the demand for the Equity Shares, through the Book Building Process. The face value of the Equity Shares is Rs. 5/-each and the Issue Price is [●] times the face value. The Issue Price of Rs. [●] is justified for the reasons mentioned below:

Qualitative Factors

For some of the qualitative factors which form the basis for computing the price please see the "Summary" beginning on page 1 and "Risk Factors" beginning on page X of this Draft Red Herring Prospectus.

Quantitative Factors

Some of the quantitative factors, which form the basis for computing the price, are as follows:

Earning per Share (EPS)

Financial Period	Diluted EPS based on Restated Financial Statements (Rs.)	Weight
Fiscal 2005	2.46	1
Fiscal 2006	6.48	2
Fiscal 2007	11.81	3
Weighted Average	**8.48**	

i. EPS has been calculated as per the following formula: (Net Profit)/ (Weighted average number of Equity Shares for respective Fiscal including the options outstanding, if any as at the end of that period and share application money)

ii. Net Profit, as restated and appearing in the restated financial statements has been considered for the purpose of computing the above ratio.

Price Earnings Ratio (P/E Ratio)

a. Diluted EPS for the year ended March 31, 2007 based on restated financial statements is Rs 11.81
b. P/E based on the year ended March 31, 2007 diluted EPS is [●] at the Floor Price and [●] at the Cap Price
c. P/E based on weighted average EPS based on restated financial statements is [●] at the Floor Price and [●] at the Cap Price

Average Return on Net worth (RONW)

Financial Period	RoNW (%)	Weight
Fiscal 2005	35.77	1
Fiscal 2006	15.46	2
Fiscal 2007	31.97	3
Weighted Average	**27.10**	

i. RONW has been calculated as per the following formula: (Net Profit)/ (Equity shareholder's funds outstanding at the end of the Fiscal)

Minimum Return on Total Net Worth post-Issue to maintain EPS at Rs 11.81 is [•].

Net Asset Value (NAV) per share

a) As at December 31, 2007 Rs. 41.38
b) After Issue [•]
c) Issue Price [•]
d) NAV has been calculated as per the following formula: (Equity shareholders' funds)/ (Total

number of Equity Shares outstanding at the end of the period)

Comparison with other listed companies

There are no other listed companies in India that engage in a business similar to that of the Company. Hence, it is not possible to provide an industry comparison in relation to the Company.

The Issue Price of Rs. [●] per Equity Share has been determined by us and the Selling Shareholders in consultation with the BRLMs, on the basis of the demand from investors for the Equity Shares through the Book-Building Process and is justified based on the above accounting ratios. For further details, see the section titled "Risk Factors" beginning on page x and the financials of the Company including statement of accounting ratios, as set out in the auditor's report stated on page 150 of this Draft Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

December 21, 2007

Multi Commodity Exchange of India Limited
102A, Landmark, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093.

Kind attention: Mr. Nayan Mehta

Dear Sirs,

Re: Statement of Possible Direct Tax Benefits

We hereby report that the enclosed annexure states the possible tax benefits available to Multi Commodity Exchange of India Ltd. ("Company") and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been or would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated by you. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Multi Commodity Exchange of India Limited. Deloitte Haskins & Sells, India shall not be liable to Multi Commodity Exchange of India Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. Deloitte Haskins & Sells will not be liable to any other person in respect of this statement.

Thanking you,

Yours faithfully,

[Deloitte, Haskins and Sells]

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO MULTI COMMODITY EXCHANGE OF INDIA LIMITED AND TO ITS SHAREHOLDERS

A. Under the Income Tax Act, 1961 ("the Act")

I. Special tax benefits available to the company

Tax holiday under section 10A of the Act

As per section 10A of the Act and subject to the conditions specified in the section, the Company will be eligible to claim a benefit with respect to profits derived by its undertaking/s established in a Software Technology Park from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to manufacture or produce such articles or things or computer software. No benefit under this section shall be allowed with respect to any such undertaking for the financial year beginning on the 1st day of April, 2009 and subsequent years.

As per section 115JB, while calculating "book profits" the Company will not be able to reduce the income to which the provisions of section 10A of the Act apply and will be required to pay Minimum Alternate Tax @ 10% (plus applicable surcharge and education cess) of the book profits including the income to which provisions of section 10A applies.

II. General tax benefits available to the company

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by domestic companies) received on the shares of any Indian company is exempt from tax.

2. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:

   a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

   b. Income received in respect of units from the Administrator of the specified undertaking; or

   c. Income received in respect of units from the specified company:

   However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

   For this purpose (i) "Administrator" means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) "Specified Company" means a Company as referred to in section 2(h) of the said Act.

3. As per section 10(38) of the Act, Long term capital gains arising to the company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax will be exempt in the hands of the Company.

   For this purpose, "Equity Oriented Fund" means a fund –

   (i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and

(ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

As per section 115JB, while calculating "book profits" the Company will not be able to reduce the long term capital gains to which the provisions of section 10(38) of the Act apply and will be required to pay Minimum Alternate Tax @ 10% (plus applicable surcharge and education cess) of the book profits including long term capital gains to which provisions of section 10(38) applies.

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains up to Rs. 5,000,000 (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains up to Rs. 5,000,000 are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

5. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess). Short-term capital loss, if any arising during the year can be set-off against short-term capital gain and long-term capital gains.

6. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds will be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.

7. As per section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax paid under section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Tax credit to be allowed shall be the difference between Minimum Alternate Tax paid and the tax computed as per the normal provisions of the Act for that assessment year. The Minimum Alternate Tax credit shall not be allowed to be carried forward beyond seventh assessment year immediately succeeding the assessment year in which tax credit become allowable.

III. General tax benefits available to Resident Shareholders

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

3. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess). Short-term capital loss, if any arising during the year can be set-off against short-term capital gain and long-term capital gains.

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains up to Rs. 5,000,000 (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains up to Rs. 5,000,000 are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

   A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

   (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

   (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

5. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

   (a) if the individual or Hindu Undivided Family-

      – owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

      – purchases another residential house within a period of one year after the date of transfer of the shares; or

      – constructs another residential house within a period of three years after the date of transfer of the shares; and

   (b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

   If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

   If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

6. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds will be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except

Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.

7. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business will be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits and Gains of Business or Profession" arising from taxable securities transaction, subject to certain limit specified in the section. As such, no deduction will be allowed in computing the income chargeable to tax as "capital gains" or under the head "Profit and gains of Business or Profession" for such amount paid on account of securities transaction tax.

IV. General tax benefits available to Non-Resident Indians/Non-Resident Shareholders (Other than FIIs and Venture Capital Companies / Funds)

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the Company) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

   As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess). Short-term capital loss, if any arising during the year can be set-off against short-term capital gain and long-term capital gains.

3. As per first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of shares of the company will be charged to tax at the rate of 20% (plus applicable surcharge and education cess).

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains up to Rs. 5,000,000 (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains up to Rs. 5,000,000 are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

   A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

   (i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

   (ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

5. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be

available:

(a) if the individual or Hindu Undivided Family-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

- purchases another residential house within a period of one year after the date of transfer of the shares; or

- constructs another residential house within a period of three years after the date of transfer of the shares; and

(b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

6. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business will be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits & Gains of Business or Profession" arising from taxable securities transaction subject to certain limit specified in the section. As such, no deduction will be allowed in computing the income chargeable to tax as "capital gains" or under the head "Profit and gains of Business or Profession" for such amount paid on account of securities transaction tax.

7. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, long term capital gains arising on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.

8. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

9. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

10. As per section 115H of the Act, where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A

shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

11. As per section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

V. Provisions of the Act vis-à-vis provisions of the Tax Treaty

In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

VI. Benefits available to Foreign Institutional Investors ('FIIs')

Special tax benefits

As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provision of section 10(38) of the Act, at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30

The above tax rates have to be increased by the applicable surcharge and education cess.

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

General tax benefits

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the Company) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt to tax in the hands of the FIIs.

   As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess). Short-term capital loss, if any arising during the year can be set-off against short-term capital gain and long-term capital gains.

3. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains up to Rs. 5,000,000 (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax up to Rs. 5,000,000 if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

VII. Special tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

B. General benefits available under the Wealth Tax Act, 1957

Asset as defined under section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

C. *General benefits available under the Gift Tax Act.*

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

NOTES:

(i) All the above benefits are as per the current tax laws.

(ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.

Our views expressed herein are based on the facts and assumptions indicated by you. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Multi Commodity Exchange of India Limited. Deloitte Haskins & Sells, India shall not be liable to Multi Commodity Exchange of India Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. Deloitte Haskins & Sells will not be liable to any other person in respect of this statement.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information presented in this section, some of which is produced elsewhere in this Draft Red Herring Prospectus has been extracted and analysed from publicly available documents and reports prepared by professional organizations and analysts and from other external sources such as websites of various commodity exchanges, FIA and FMC. These sources have not been prepared or independently verified by the Company, the Selling Shareholders, the Book Running Lead Managers or any of their respective affiliates or advisors and the Company, the Selling Shareholders and the Book Running Lead Managers make no representation as to the accuracy or completeness of the information provided in these sources. Unless mentioned otherwise, references to a particular year in this section are to the calendar year ended on December 31. Certain data has been reclassified for the purpose of presentation and much of the available information is based on best estimates, and should therefore be regarded as indicative only and treated with appropriate caution. Certain financial and other numerical amounts specified in this section have been subject to rounding adjustments; figures shown as totals may not be the arithmetic aggregation of the figures which precede them.

Introduction

A commodity (as traded on an exchange) is an undifferentiated product whose market value arises from the owner's right to sell the product rather than the right to use the product. Examples of commodities currently traded globally on exchanges include oil (sold by the barrel), wheat, copper and even pork-bellies.

A commodity futures contract is a commitment to make or accept delivery of a specified quantity and quality of a commodity at a set time in the future for a price established at the time the commitment is made. Commodity futures contracts are generally traded through a centralized auction or computerized matching process, with bids and offers on each contract made public. Through this process, a prevailing market price is reached for each contract, based primarily on the laws of supply and demand.

Commodity futures traded on commodity exchanges are required to be delivered at the contracted price, ignoring all changes in the market prices. As such, trading in commodity futures allows both hedging to protect against serious losses in a rising/declining market and speculation for gain in a rising/declining market. For example, a seller may sign a contract agreeing to deliver grain in two months at a set price. Even if the grain market declines at the end of two months, the seller will still get the higher price quoted in the futures contract. If the market rises, however, the buyer stands to profit by paying the lower contract price for the grain and reselling it at the higher market price. But a dealer, manufacturer or exporter is not, per-se interested in speculative losses or gains. His only interest is to ensure that he gets the necessary insurance against unforeseen fluctuations in prices. By and large, hedging in a futures market does afford such a protection to the various functionaries.

An effective and efficient market for trading in commodity futures requires the following:

- Volatility in the prices of the underlying commodities;
- Large numbers of buyers and sellers with diverse profiles (e.g., hedgers and speculators);
- Fungibility of the underlying physical commodities;
- Efficient and liquid exchange platform.
- Robust risk management and surveillance system

The Global Commodity Futures Market

Worldwide, there are over 29 major commodity futures exchanges that trade commodities ranging from energy, agriculture, metals to livestock in over 15 countries including the United States, China, Japan, the United Kingdom, South Africa, Malaysia and Brazil, according to the FIA. The commodity exchanges trade in physical commodity products, as well as in financial instruments. Most trading is done in futures contracts. Spot contracts, call for immediate delivery of a specified commodity and are often used to obtain the goods necessary to fulfil a futures contract. As per FIA Outlook 08 Report, strong levels of growth were seen in the commodity sector, especially in agriculture and energy. Futures and options based on agricultural products rose 28.6% to 449.3 million contracts in the first nine months of 2007, while energy trading volume rose 28.9% to 366.9 million contracts

Methods of Trading

Trading in futures products at futures exchanges has traditionally occurred primarily on physical trading floors in arenas called "pits" through an auction process known as "open outcry." Open outcry trading is face-to-face trading, with each trader serving as his or her own auctioneer. The traders stand in pits and make bids and offers to one another, via shouting or flashed hand signals, to buy and sell futures contracts. Only members owning or leasing a seat on the exchange may trade in the pit, and orders from individual and institutional traders are sent to these members on the trading floor, usually through a broker. The rules of many exchanges also permit block trading, which involves the private negotiation of large purchases and sales away from the trading floor, but which are settled and cleared through the exchange's clearing facilities.

In order to expand access to their markets, most futures exchanges, either exclusively or in combination with open outcry trading facilities, are beginning to provide electronic trading platforms that allow subscribing customers to obtain real-time information about bid and ask prices and trading volumes and to enter orders directly into the platform's centralized order book, subject to the agreement of a clearing firm to accept responsibility for settling resulting transactions on behalf of the customer. The emergence of electronic trading has been enabled by the ongoing development of sophisticated electronic order routing and matching systems, as well as advances in communication networks and protocols.

Liquidity of Markets

Liquidity of markets is a key component in attracting customers and ensuring the success of a market. Liquidity is important because it means a contract is easy to buy or sell quickly with minimal price disturbance. Liquidity is a function of the following: the number of participants making a market or otherwise trading in a contract; the size or notional value of the positions participants are willing to accommodate; and the prevailing spread between the levels at which bids and offers are quoted for relevant contracts. As a result, the volume of contracts or transactions executed on an exchange is a widely recognized indicator of liquidity on the exchange. Volume is stated in round-turn trades, which represent matched buy and sell orders. In addition, the daily total of positions outstanding on an exchange, or "open interest", and notional values of contracts traded are widely recognized indicators of the level of customer interest in a specific contract.

A neutral, transparent and relatively anonymous trading environment, as well as a reputation for market integrity, is critical to the establishment and maintenance of a liquid market. In addition, a successful exchange must provide cost-effective execution and have access to an advanced technology infrastructure that enables reliable and efficient trade execution, as well as dependable clearing and settlement capabilities. An exchange should also have an efficient and robust risk management and surveillance system.

Market Participants

An efficient market for commodity futures requires a large number of market participants with diverse risk profiles. Market participants can be broadly divided into three categories:

- Hedgers: Hedgers are generally commercial producers, processors, exporters, importers and consumers of traded commodities who participate in the commodity futures market to manage their cash market price risk. As commodity prices are volatile, participation in the futures markets allow hedgers to protect themselves against the risk of losses from fluctuating prices. Hedging is equivalent to insurance facility against risk from market price.

- Speculators: Speculators are traders who speculate on the direction of futures prices with the goal of making a profit. Since speculators participate in commodity futures market for investment purposes, they typically do not accept physical delivery of commodities and instead liquidate their positions prior to/ upon expiry of their futures contracts.

- Arbitrageurs: Arbitrageurs are traders who simultaneously buy and sell futures contracts to make money on price differentials across markets or exchanges.

Clearing and Settlement

Transactions executed on futures exchanges are settled through a "clearing house" which guarantees the settlement of trades done through the exchange. The measures used to evaluate the strength and efficiency of a clearing house includes the following: the number of transactions that are processed per day, the amount of settlement payments that are handled per day and the amount of collateral deposits managed by the clearing house.

Industry Growth

According to the FIA, in 1984, total trading volume for all contracts traded globally was 188.00 million contracts, while in 2006; the total contract volume reached 11,859.27 million contracts per year, representing an average annual growth rate of 20.70% for the past 22 years. Total volume on derivatives exchanges worldwide reached 11,395.17 million contracts in the first nine months of 2007, up 26.6% from the previous year. That compares to a growth rate of 18.9% for the whole of 2006. In the United States, the total number of futures and options traded on derivatives exchanges increased from about 1,100.86 million in 1999 to about 4,573.26 million in 2006. With regards to non US exchanges, the total number of futures and options traded on derivatives exchanges grew from about 1,301.98 million in 1999 to about 7,286.00 million in 2006, according to data from the FIA.

The following table indicates the volumes of futures and options contracts in terms of number of contracts traded globally for the periods indicated:

GLOBAL FUTURES VOLUME			
(in millions)	**January - December 2006**	**January – December 2005**	**% Change**
U.S. Futures	2,043.90	1,652.87	23.66%
Non-U.S. Futures	3,235.74	2,381.88	35.85%
Total Futures Volume	***5,279.64***	***4,034.75***	***30.85%***

GLOBAL OPTIONS VOLUME			
(in millions)	**January – December 2006**	**January - December 2005**	**% Change**
U.S. Options	2,529.36	1,872.28	35.10%
Non-U.S. Options	4,050.26	4,066.79	(0.41%)
Total Options Volume	***6,579.62***	***5,939.07***	***10.79%***
Grand Total (futures and options)	**11,859.27**	**9,973.82**	**18.90%**

Source: FIA Magazine, March/April 2007

As indicated in the above chart, in 2006, options constituted about 55.48% of the total derivative volumes traded globally.

The following table gives comparative data for the Global Futures and Options volume by sectors

(in millions)	Jan – Dec 2006	Jan- Dec 2005	Computed % Break-up (2006)	Computed % Break-up (2005)

(in millions)	Jan – Dec 2006	Jan- Dec 2005	Computed % Break-up (2006)	Computed % Break-up (2005)
Equity Indices	4,453.95	4,080.33	37.56%	40.91%
Interest Rates	3,193.44	2,536.77	26.93%	25.43%
Individual Equities	2,876.49	2,356.87	24.26%	23.63%
Currency	240.05	167.19	2.02%	1.68%
Agricultural	486.37	378.9	4.10%	3.80%
Energies	385.97	280.13	3.25%	2.81%
Metals	218.68	171.06	1.84%	1.72%
Others	4.31	2.59	0.04%	0.03%
Total	**11,859.27**	**9,973.82**	**100.00%**	**100.00%**

Source: FIA Magazine, March/April 2007

Global Futures & Option Volume by Sector for the period January to September 2007 comparative with the corresponding previous period January to September 2006.

(in millions)	Jan – Sep 2007	Jan – Sep 2006	Change	%Change
Equity Indices	4,325.22	3,442.12	883.09	25.66%
Individual Equities	2,932.94	2,122.11	810.83	38.21%
Interest Rate	2,888.29	2,454.96	433.32	17.65%
Ag Commodities	449.25	349.38	99.87	28.58%
Energy Products	366.94	284.51	82.42	28.97%
Foreign Currency	248.40	175.20	73.19	41.78%
Non - Precious Metals	109.06	87.61	21.45	24.49%
Precious Metals	72.14	79.99	(7.85)	-9.81%
Others	2.95	3.23	(0.28)	-8.75%
Total	11,395.17	8,999.12	2,396.05	**26.63%**

Source: FIA Magazine, Oulook 08 http://www.futuresindustry.org/downloads/FIMag/2007/Outlook/Outlook-Volume.pdf

We attribute the recent growth in global futures and options to the following factors:

- Increasing awareness of the importance of risk management;
- Greater price volatility in key market sectors, such as in the fixed-income sector;
- Greater access to futures and options on futures markets through technological innovation;
- Relaxation of regulatory barriers; and
- Growing awareness of the opportunities to obtain or hedge market exposure through the use of futures and options on futures contracts at a lower cost than the cost of obtaining or hedging comparable market exposure by purchasing or selling the underlying financial instrument or commodity.

The performance of top global commodity futures exchanges in order of volume of futures contract traded during January to December 2007 are set forth in the table below:

2006 Rankings (FIA)	Performance Rankings in 2007	Commodities Futures Exchange	Sub-Sections Volume (Million)	2006 Volume (Million)	Sub-Sections Volume (Million) in 2007	2007 Volume (Million)	% Change
1	1	New York Mercantile Exchange		216.3		277.6	28.35%
3	2	Dalian Commodity Exchange		120.3		185.6	54.29%
	3	**ICE Group**		**123.7**		**178.7**	44.43%
4		ICE Europe	92.6		138.2		49.21%
11		ICE US (New York Board of Trade)	28.2		37.0		31.35%
17		ICE Canada (Winnipeg Commodity Exchange)	2.9		3.5		18.97%
	4	**CME Group**		**135.9**		**162.9**	19.84%
13		Chicago Mercantile Exchange	17.2		18.6		8.35%
2		Chicago Board of Trade	118.7		144.2		21.51%
9	5	Zhengzhou Commodity Exchange		46.3		93.1	100.98%
5	6	London Metal Exchange		78.5		85.7	9.22%
7	7	Shanghai Futures Exchange		58.1		85.6	47.27%
10	8	Multi Commodity Exchange of India		45.6		68.9	51.20%
6	9	Tokyo Commodity Exchange		63.7		47.1	-26.11%
8	10	National Commodity & Derivatives Exchange		53.3		34.9	-34.52%
12	11	Tokyo Grain Exchange		19.1		19.7	2.99%
14	12	Euronext		9.8		12.8	30.45%
15	13	Central Japan Commodity Exchange		9.6		6.5	-31.78%
16	14	Kansas Board of Trade		4.8		4.3	-10.04%
18	15	Malaysia Derivatives Exchange Berhad		2.2		2.8	26.98%
19	16	Minneapolis Grain Exchange		1.6		1.8	12.03%
20	17	JSE Securities Exchange South Africa (SAFEX)		1.4		1.7	23.29%

(1) *Source: FIA and individual exchange website*

** Effective September 03, 2007, the New York Board of Trade (NYBOT) was renamed ICE Futures U.S. and ICE's London-based futures exchange was renamed ICE Futures Europe.*

**On July 12, 2007 the Chicago Mercantile Exchange Holding Inc and Chicago Board of Trade Holding Inc completed their merger to form CME Group Inc

The following table details the top global commodity exchanges (excluding Indian commodity exchanges) according to sector type:

Commodity	Exchange	Available on MCX
Energy	New York Mercantile Exchange Inter Continental Exchange Tokyo Commodity Exchange Central Japan Commodity Exchange Shanghai Futures Exchange Malaysia Derivatives Exchange Chicago Board of Trade	Yes
Metals	Chicago Board of Trade New York Mercantile Exchange London Metal Exchange Tokyo Commodity Exchange Central Japan Commodity Exchange Shanghai Futures Exchange	Yes
Electricity	New York Mercantile Exchange Inter Continental Exchange	No
Grains & Oilseeds	Chicago Board of Trade Dalian Commodity Exchange New York Board of Trade Tokyo Grain Exchange Zhengzhou Commodity Exchange Kansas Board of Trade Minneapolis Grain Exchange Winnipeg Commodity Exchange# Euronext JSE Securities Exchange (South Africa)	Yes
Softs	New York Board of Trade Tokyo Grain Exchange Zhengzhou Commodity Exchange Euronext	Yes
Live Stocks	Chicago Mercantile Exchange	No

ICE acquired WinnipegHolding Inc and the all- electronic WCE on August 28, 2007

Source: FIA, Individual Exchanges' Websites

Trends in the Industry

Globalization, increasingly sophisticated market participants, deregulation, advances in technology and consolidation are changing the way both the futures and broader commodities and derivatives exchange markets operate. Each of these trends is described briefly below.

Globalization

In recent years, the world's financial and commodity derivatives markets have experienced an accelerating pace of globalization. The emphasis on greater geographic diversification of investments, investment opportunities in emerging markets such as Asian economies, including India, Korea and China, and expanded cross-border commercial activities are leading to increasing levels of cross-border trading and capital movements. Growth and increasing standards of living in emerging economies such as China and India are causing imbalances in supply and demand of both industrial and agricultural commodities. In response to these trends, derivatives exchanges within particular geographic regions are both expanding access to their markets across borders and consolidating.

Although the Indian market is currently domestic in nature, commodities have a global nature and the Indian commodity derivatives market is highly correlated with the global commodity derivatives market. Large actual users and producers of commodities are permitted to hedge their risk in global markets and have also gradually started using the domestic market. The commodity futures exchanges in India have formed strategic alliances globally to increase integration of the Indian market with the larger global markets. FIIs, Mutual Funds and banks may be permitted to participate in commodity derivatives markets.

Increasingly Sophisticated Market Participants

An increasingly sophisticated investment community is creating pressure on the financial services industry to utilize more sophisticated risk management techniques, including derivatives.

In addition, increasing pressure from a variety of market participants to improve transparency and to manage more effectively counter-party risks is causing a shift from over-the-counter to exchange-traded derivatives. The Indian commodity derivatives market initially began with physical market participants predominantly taking membership and now there is an increased participation of securities market players in the commodity futures market.

Deregulation

Deregulation and the opening of markets within the financial services industry in the United States, Europe and Asia have increased customer access to products and markets, reduced regulatory barriers to product innovation and encouraged consolidation. In particular, in the United States, many regulatory barriers to product development were largely repealed by the enactment of the Commodity Futures Modernization Act of 2000. The financial services industry in Europe and Asia has experienced similar changes in their regulatory regimes.

In India, the financial sector has already started participating in commodity derivatives markets, which has diversified the quality of service and improved the penetration of market access. The President of India passed the Forward Contracts (Regulations) Amendment Ordinance, 2008 which was published in the Gazette of India on January 31, 2008, pursuant to which certain key amendments have been carried out to the FCRA. The FMC has become a more autonomous regulatory body and trading in options has been permitted. For additional information regarding the proposed amendments to the FCRA, see the section titled "Regulations and Policies" on page 89 of this Draft Red Herring Prospectus.

Technological Advances

Technological advances have led to significant changes both to the decentralization of exchanges and the introduction of alternative trading systems ("ATS").

- Decentralization: Exchanges are no longer required to operate in specific geographic locations, and customers no longer need to act through local financial services intermediaries in some markets. Market participants around the world are now able to trade certain products nearly 24 hours a day through electronic platforms.

- ATSs: Advances in electronic trading technology have also led to the emergence of ATSs. These systems bring together the orders of buyers and sellers of financial instruments and have the capacity both to route orders to exchanges, as well as to internalize customer order flow within their own order book. In recent years, Asia has witnessed the proliferation of cross border ATSs.

The advent of the internet, which allows for greater and quicker dissemination of information to a wider audience, coupled with advances in exchange-related technologies have resulted in a significant reduction in transaction costs and facilitated greater market access by investors and market participants.

Consolidation

Deregulation and competition has encouraged exchanges to consolidate within their own geographies as well as across borders to gain operating efficiencies, expand product range and increase distribution reach and has prompted the consolidation of exchanges. For example, the Singapore Derivatives Exchange, the Tokyo Stock Exchange, Deutsche Börse Group, which owns a controlling interest in Eurex, and Euronext N.V. are major securities exchanges which also operate as futures exchanges. In addition, Euronext N.V., which resulted from the merger of the Amsterdam Exchanges N.V., Paris Bourse SBF SA, Lisbon Exchange and Societe de la Bourse de Valeurs Mobilieres de Bruxelles S.A. (the "Brussels Exchange") acquired a controlling interest in LIFFE and has integrated its derivatives markets to form Euronext.liffe in December 2001. In June 2006, NYSE agreed to acquire Euronext N.V. bringing together six cash equities exchanges in five countries and six derivatives exchanges, providing for listings, trading in cash equities, equity and interest rate derivatives, bonds, and the distribution of market data. In the Indian markets, NYSE acquired a 5% stake in the NSE in January 2007, followed closely by Deutsche Börse's acquisition of a 5% stake in the BSE in February 2007. Further, as investors become more adept at cross-border trading, competition among global exchanges has become more intense and has resulted in linkages and alliances between national and international exchanges. On September 03, 2007, the New York Board of Trade (NYBOT) was renamed ICE Futures U.S. and ICE's London-based futures exchange was renamed ICE Futures Europe. On July 12, 2007 the Chicago Mercantile Exchange Holding Inc and Chicago Board of Trade Holding Inc completed their merger to form CME Group Inc. ICE acquired Winnipeg Holdings Inc. and the all-electronic WCE on August 28, 2007. All trading on the exchange transitioned to the ICE electronic platform on December 10, 2007.

The Indian Commodities Market

Commodities play an important role in India's economy. India has over 7,400 regulated agricultural markets, or *mandis*, and the majority of the nation's agricultural production is consumed domestically, according to the Agricultural Marketing Information Network ("AGMARKNET") (http:// *agmarknet.nic.in)*. India is the world's leading producer of several agricultural commodities. In 2006-07, agriculture and allied industries accounted for approximately 18.50% of India's GDP (at factor cost) of Rs. 3,743,472 billion at current prices as stated in the RBI Annual report 2006-07 (published on August 30, 2007). At present, there are 24 commodity exchanges recognized by the FMC in India covering over 100 commodities. In fiscal years 2003-2004, 2004-2005, 2005-2006 and 2006-2007, the total value of commodities traded was Rs. 1.29 million, Rs 5.731 million, Rs. 21.55 million and Rs. 36.77 million, respectively, on commodity futures exchanges in India, according to data from the FMC. The value of trade since April 1, 2007 to December 31, 2007 for the financial year 2007-08 was Rs. 27.17 million. While India's commodity futures market is still in the early stages of development, it has experienced dramatic growth in recent years.

Background

Agricultural Commodity Markets

India, being a predominantly agrarian economy, has a long history of commodity markets. India's agricultural commodity markets initially formed when producers and buyers met in designated locations to engage in trade. Today, the wholesale spot markets for agricultural commodities remain relatively unchanged: agricultural commodities are predominantly traded in *mandis*, or government-regulated wholesale markets located in or near important towns or centers of production, consumption or shipping where sellers, buyers and intermediaries converge to buy and sell goods. Since almost all order flow goes through the *mandis*, they become a source of daily information about the quantity of commodities and the price at which they trade for the particular geographic area in which the *mandis* are located.

Non-agricultural Commodity Industry in India

The role of energy products, non-ferrous metals and precious metals like gold and silver in the growth of the Indian economy is significant and vital.

Many markets are connected with the global oil market in some way. Crude oil is used for the production of a wide range of products from petrol, diesel and kerosene to ATF and asphalt, and from LPG to Naphtha and other petrochemicals. According to the Oil Industry Statistics 2006-07 as published by the Petroleum Planning & Analysis Cell, (Ministry of Petroleum & Natural Gas), the total quantity of 111.502 million metric tones ("MMT") of crude oil, valued at Rs. 2,190,290 million, was imported into India during fiscal 2007 (P) and a total quantity of 79.74 million metric tones ("MMT") of crude oil, valued at Rs. 16,51,890 million, was imported into India during April-November 2007 (P). Crude oil production in the country was 33.99 MMT in 2006-2007 and 12.71 MMT in April-November 2007 (P). India, imported 77% of its crude oil requirements in Fiscal 2007 and 86% of its crude oil requirements for the period April-November 2007, and was highly exposed to global crude oil price movements.

Bullion, especially gold, occupies an important role in India. In addition to finance, many social and cultural elements of Indian culture are associated with this metal. However, despite being the largest consumer of gold, India is not in a position to decide the price of bullion on the world market owing to heavy dependence on imports and widely scattered markets across the country.

Among the non-ferrous metals, copper is one of the largely consumed commodities apart from aluminium in India. At present, the demand for copper minerals for primary copper production is met through two sources: copper ore mined from indigenous mines, and imported concentrates. The production of refined copper in India has increased considerably since 1998-99 after private sector manufacturers started production of refined copper, and now a considerable portion of consumption is met through domestic production. (Source: Annual Report of the Ministry of Mines (2006-07))

Commodity Derivatives Markets

The history of commodity futures markets in India dates back to 1875 when trading in cotton contracts began under the aegis of the Bombay Cotton Trade Association, considered to be India's first organized futures market. Derivatives trading then expanded to oilseeds, jute and food grains, and by World War II, futures trading in an organized form had also commenced in other commodities such as castor seed, wheat, rice, sugar and precious metals like gold and silver. In 1953, the FMC was established to regulate commodity futures trading. The growth and development of futures markets, however, was halted in the 1960s when futures' trading was banned, en masse, by the Government of India. From the late 1970s, selective commodities were permitted for future trading. Futures trading witnessed a renewed surge in the 1990s in the wake of India's economic liberalization, as the growing realization of imminent globalization under the WTO regime and the Government of India's difficulty in supporting the commodity sector led the Government of India to explore alternative market-based mechanisms, such as futures trading to offer protection to the commodity sector from price volatility. On April 1, 2003, the Government of India issued a notification which rescinded previous regulatory barriers to trading in commodity futures. Until this point there were 21 regional exchanges mainly concentrating on single or few commodities, according to the FMC. Subsequently, the Government of India authorized the establishment of national multi-commodity exchanges to facilitate electronic trading of commodity derivatives. At present, there are three such electronic multi-commodity national exchanges which are recognized by the Government of India:

- Multi Commodity Exchange of India Limited("MCX"), located in Mumbai;
- National Commodity and Derivatives Exchange Limited ("NCDEX"), located in Mumbai; and
- National Multi Commodity Exchange Limited ("NMCE"), located in Ahmedabad.

In addition to the above, Indiabulls and MMTC have set up an SPV to launch a fourth commodity exchange in India. The exchange is expected to cater to all commodities including agricultural commodities and will launch futures and spot contracts.

FCRA regulates the commodity futures market in India. Under this legislation, commodity futures trading in India is regulated under a three-tier regulatory system which consists of the following governing bodies:

(a) Department of Consumer Affairs, Ministry of Consumer Affairs Food and Public Distribution, the Government of India;

(b) FMC; and

(c) An exchange or association recognized by the Central Government on the recommendation of FMC.

The Exchanges

There are presently 24 commodity exchanges and associations recognized by the Government of India which are authorized to organize and regulate futures trading in various commodities. Most of the exchanges follow the "open-outcry" system. Some of them trade in just a few commodities. These exchanges are spread across India, resulting in dispersed and fragmented commodity markets and are considered to be "regional" or "localised" exchanges.

There are three national, multi-commodity exchanges on which trading in commodity futures is done electronically, which together account for 96.59% of the volume of commodities and commodities futures traded nationwide from April 1, 2007 to December 31, 2007

Multi Commodity Exchange of India Limited ("MCX"): Headquartered in Mumbai, our Company received permanent recognition from the Government of India to facilitate nationwide online trading, clearing and settlement operations for commodity futures markets in September 2003. Trading commenced on our exchange in November 2003. As at December 31, 2007 our Company offered commodity futures trading in 55 commodities. From April 1, 2007 to December 31, 2007 our Company had 75.77% of the market share of the Indian commodity exchanges industry. (Source: market share data as per FMC data)

National Commodity & Derivatives Exchange Limited ("NCDEX"): Also headquartered in Mumbai, NCDEX commenced operations in December 2003 and as at March 31, 2007 facilitated commodity futures trading in over 40 commodities. Its key shareholders include the NSE, Life Insurance Corporation of India, NABARD, CRISIL and IFFCO. NCDEX had 20.31% of the market share of the Indian commodity exchange industry from April 1, 2007 to December 31, 2007. (Source: market share data as per FMC data). (Source: market share data as per FMC data).

National Multi Commodity Exchange of India Limited ("NMCE"): Headquartered in Ahmedabad, NMCE was India's first de-mutualized national multi-commodity exchange, having commenced futures trading in November 2002. As at March 31, 2006, NMCE facilitated commodity futures trading in over 40 commodities. Its key promoters include the Central Warehousing Corporation, the NAFED, Gujarat Agro-Industries Corporation Limited, Gujarat State Agricultural Marketing Board, National Institute of Agricultural Marketing and Neptune Overseas Limited and Punjab National Bank. From April 1, 2007 to December 31, 2007 NMCE had 0.51% of the market share of the Indian commodity exchanges industry. (Source: market share data as per FMC data)

The following chart contains additional details for each of the exchanges described above:

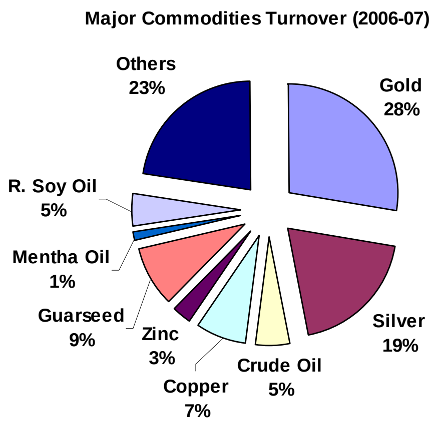
	Turnover (Rs. million)					
Exchange	**Fiscal 2004**	**Fiscal 2005**	**Fiscal 2006**	**Fiscal 2007**	**Nine months ended , December 31, 2007**	**Market Share Nine months ended , December 31, 2007**
MCX	24,592	1,665,246	9,616,327	22,937,239	20,584,937	75.77%
NCDEX	14,903	2,663,383	10,666,864	11,672,794	5,517,520	20.31%
NMCE	238,409	139,882	183,853	1,127,985	139,889	0.51%
Others	1015,763	1,262,862	1,084,176	1,031,249	926,664	3.41%
Total	**1,293,667**	**5,731,372**	**21,551,221**	**36,769,267**	**27,169,011**	**100.00%**

Source: Except for data pertaining to MCX all data sourced from FMC website.

Industry Growth

Commodities' trading in India has grown since the Government of India issued a notification on April 1, 2003 permitting futures trading in commodities. The total value of commodities traded in India in 2006-2007 was Rs. 36,769,267 million, representing a growth of 2742% over the value of commodities traded in 2004 (Rs 1,293,667 million). The value of trade since 1st April 2007 to December 31, 2007 was Rs. 27,169,011 million. Commodity trading volumes have risen at a compound annual growth rate of 205.2% between fiscal 2004 and fiscal 2006.

There are currently over 60 commodities being traded on Indian exchanges, with gold, silver, guar seed, crude oil, copper and soybean oil comprising the majority of the volumes being traded, as depicted in the graph below



Source: FMC

Growth Drivers in the Industry

The following factors are expected to contribute the future growth of the Indian commodity futures markets:

Indian Economic Growth: India is currently one of the fastest growing economies in the world and it may become the third largest economy by 2035 according to Goldman Sachs' Research Report: "Dreaming with BRICS –The Path to 2050", (2003). We believe the growth of the overall economy in India is expected to drive the underlying demand for commodities and an increase in physical market volumes may increase the hedging requirements driving derivative volumes. In developed markets, commodity derivatives volumes are generally a multiple of the underlying physical commodity volumes. Therefore, as the consumption of physical commodities increases in India, it is expected that the volumes of commodity derivatives being traded will also increase.

Government of India Initiatives to Modernize Commodity Futures Markets:

- The Government of India's initiatives to modernize the commodity futures markets can further stimulate trading interest in commodities;

- Recent relaxation of regulations including introduction of options and intangible commodities

Introduction of Options: As per the FIA, in Global markets, options volumes are over 50% of total futures and options volumes. For example, between January and December 2006, in the U.S. Market, options volumes comprised approximately 55.31% of the total futures and options volumes traded between January 1, and December 31, 2006, and in the Non-U.S. market, options volumes comprised approximately 55.59% of total futures and options volumes in the same period. Trading in options is therefore expected to boost volumes and overall growth in the Indian commodity market.

Introduction of New Commodities: Under current regulations, the FMC must approve of all commodities that can be traded on exchanges in India. If and when the FMC approves contracts based on intangibles such as freight and commodity indices, the introduction of these and similar new commodities to the Indian commodity market is expected to drive growth in the Indian commodity trading market.

Widening Investor Participation: New participants are expected to enter the trading markets as exchanges become more accessible, the availability of market information increases and awareness regarding the benefits of hedging becomes more widespread. It is expected that these new market participants will include, for example:

- Farmers, seeking to hedge against output price risks;

- Equity investors, seeking to diversify their equity portfolios;

- Manufacturers, seeking to hedge against input price risks;
- Oil manufacturers, seeking to hedge their crack spreads;
- Hedge funds seeking to capitalize on price differentials; and
- Banks seeking to hedge their risk against collateral.

The Government of India may also consider permitting banks, Mutual Funds and foreign institutional investors ("FIIs") to invest in India's commodity futures markets, and the entry of these new market participants may boost trading volumes.

Technological advancements and the adoption of the same by the national exchanges enable electronic trading and increased geographical reach. Other factors such as reliability of systems, risk management tools, price transparency and real time information through improved technology has also led to increased participation in the commodity futures markets.

Migration of Volumes: At present, regional exchanges recognized by the Government of India are fragmented and suffer from illiquidity. Commodity futures trading also occur in unregulated markets. Trading volumes from regional and unregulated markets are expected to migrate to national, multi-commodity exchanges with higher liquidity, transparent pricing, online third party clearing, robust risk management and surveillance system, efficient delivery mechanism and lower delivery and cash risks.

OUR BUSINESS

Overview

We are an independent, de-mutualized association with permanent recognition from the Government of India to facilitate nationwide online trading, clearing and settlement operations of commodities futures transactions. The total value of contracts traded on our exchange between April 1, 2006 to March 31, 2007 was approximately Rs. 22,937,239 million. According to data maintained by the FMC, this amount represented approximately 62.38% of the market share of the Indian commodities futures industry in terms of the value of commodities traded in futures markets during that period. During April 1, 2007 to December 31, 2007, the total value of contracts traded on our exchange was Rs. 20,584,937 million. This amount represented approximately 75.77% of the market share of the Indian commodities futures industry in terms of the value of commodities traded in futures markets during that period. The total value of contracts traded on all commodities exchanges in India between April 1, 2006 and March 31, 2007, and between April 1, 2007 and December 31, 2007 were Rs. 36,769,267 million and Rs. 27,169,011 million respectively. *(Source: FMC data)*

We focus on offering futures trading in commodities which are significant in the Indian and global context and which are traded on international exchanges. As of December 31, 2007, we offered futures trading in 55 commodities, defined in terms of contract specification, from various market segments including bullion, energy, ferrous and non-ferrous metals, oils and oil seeds, cereals, pulses, plantations, spices, plastics and fibers. (Different types of contracts with the same underlying physical asset such as Gold, Gold Mini and Gold HNI are treated separately as three different commodities for the purpose of computing the total number of commodities). Comparing the trading volumes of our Exchange for the calendar year 2007 with the top ten commodity derivatives exchanges in the world, we are the largest silver exchange, the second largest natural gas exchange, the third largest gold exchange the third largest crude oil exchange and the third largest copper exchange in terms of the number of contracts traded for each of these commodities for the period from January 1, 2007 to December 31, 2007. *(Source: based on trading volume data of such exchanges for the calendar year 2007 as published in the respective website of such exchanges).* As per FIA Outlook 08 report, MCX Copper Futures ranked 23rd among Top 25 commodities Futures and Options contracts by volume for the period January to December 2007 with growth rate of 278.35% comparing with the corresponding period January to December 2006.

We strive to be at the forefront of developments in the commodities future industry in India. We were the first commodity futures exchange in India to offer trading in steel futures, and the first in India to launch futures trading in crude oil. *(Source: Based on data sourced from the websites of the individual exchanges).* We have formed strategic alliances with international exchanges to introduce new types of futures contracts in India, such as contracts based on ocean freight rates, in anticipation of changes in government regulations permitting the trading of intangibles in India, which may be introduced in the future. We were the first exchange in India to initiate evening sessions to coincide our trading with trading on exchanges in London, New York and other international markets. *(Source: Based on data sourced from the websites of the individual exchanges).* We are certified under ISO 9001:2000 Quality Standards with respect to developing derivatives trading in India and providing services for online trading, clearing, settlement, and risk management systems. We have achieved the ISO/IEC 27001:2005 certification, which is the global benchmark of an information security management system. We also launched the carbon credit contracts (ECX CFI Mini) in January 2008

We have grown since our inception**:**

- On November 10, 2003, our first day of trading, we recorded a Turnover of Rs.8.32 million.
- On January 22, 2008, we recorded our highest daily Turnover since our inception which was Rs. 212,760.20 million.
- Our membership base has increased from 182 members trading from 660 trader work stations ("TWS") as of March 31, 2004 to 843 members trading from 4,523 TWSs as of March 31, 2005 to 1,259 members trading from 6,221 TWSs as of March 31, 2006 and to 1,762 members trading from 7,206 TWSs as of March 31, 2007 and to 1,811 members trading from 7,270 TWSs as of December 31, 2007

- The number of commodities offered for trading on our exchange has increased from 15 as of March 31, 2004 to 55 as of December 31, 2007.

- For the period of April 1, 2007 to December 31, 2007 our market share of the Indian commodities futures industry reached 75.77%, according to data from the FMC.

- Our average monthly Turnover increased from Rs. 4918.50 million for the fiscal 2004 to Rs. 1,911,436.61 million for fiscal 2007 and to Rs 2,287,215.24 million for the nine month ended December 31, 2007.

- Our average daily Turnover increased from Rs. 250.94 million for fiscal 2004 to Rs. 74,714.13 million for fiscal 2007 and to Rs 89,890.56 million for the nine month ended December 31, 2007.

- In fiscal 2005, fiscal 2006, fiscal 2007 and for the nine month ended December 31, 2007 we earned total income of Rs. 336.54 million, Rs. 1,043.89 million, Rs. 2,063.32 million and Rs 1,583.05 million respectively.

The operation of our business is supported by the infrastructure we have developed and our network of strategic alliances with various Indian commodity exchanges, trade associations and international exchanges, which we believe will help us to grow our business and expand our market presence. The objective of these alliances is to provide Indian market participants who trade on our exchange access to global products in order to manage their risk more efficiently, as well as to position India on the global commodity map. See "Our Business- Strategic Alliances and Joint Ventures" on page 82 of this Draft Red Herring Prospectus.

As part of our efforts to promote widespread participation in the Indian commodities market, we have focused our efforts on disseminating information, providing training and educational programs to increase awareness of the Indian commodity industry to direct and indirect market participants. Accordingly, we have entered into agreements with several financial information service agencies to provide market participants with prices, trading activity and real-time market information on the commodities being traded on our exchange. We have also teamed up with various educational institutions and industry organisations to educate existing and potential market participants about the dynamics of the commodities market, to provide high-level management development programs for decision makers and industry leaders in the commodity markets in India and to provide training and certification programs relating to the commodities market in India. We believe that these efforts will help to increase the overall market size of the Indian commodity industry, as well as help to expand our membership base.

Competitive Strengths

We believe the following are our core competitive strengths:

Leadership Position in the Commodities Futures Industry. We are a leading commodities futures exchange in India with respect to the value of futures contracts traded in metals, energy and certain globally significant agricultural commodities. Among the national exchanges in India, our market share based on the total value of contracts traded in the period Fiscal 2007 for gold, silver, crude oil and copper were approximately 88.86% , 87.18%, 98.13% and 99.61% respectively, and for the nine month ended December 31, 2007 it was 92.27%, 95.68%, 98.97%, and 98.82% respectively. When compared with the top ten global exchanges in the world, we are the largest silver exchange, the second largest natural gas exchange, the third largest gold exchange, the third largest crude oil exchange and the third largest copper exchange in terms of the number of contracts traded for each of these commodities for the period from January 1, 2007 to December 31, 2007. *(Source: Based on trading volume data of such exchanges for the calendar year 2007 as published in the respective websites of such exchanges)*

Product and Service Innovation. We believe our strength lies in our ability to introduce new products on our exchange. We were the first exchange in India to offer trading in steel futures, and were also the first exchange to launch futures trading in crude oil and plastics in India. In June 2005, we launched MCX-COMDEX, India's first real-time composite commodity futures index, which provides our members with valuable information regarding market movements in the top fifteen economically important commodities determined by physical market size in India, which are actively traded on our exchange. We have additionally launched several other indices including: MCX-Agri (agricultural commodities index), MCX-Energy (energy commodities index), MCX-Metal (metal commodities index) and RAINDEXMUM (Mumbai) RAINDEXIND (Indore), and RAINDEXJAI (Jaipur) which track the progress of monsoon rains in their respective geographic locations. We were the first exchange in India to initiate evening sessions to coincide our trading with trading on exchanges in London, New York and other international markets. In addition, we provide our members with real-time market information regarding prices and trading activity, which we believe may help refine investment decisions. We have also entered into a strategic alliance with the Chicago Climate Exchange to develop a carbon credit market in India.

Use and Application of Technology. We believe our ability to use and apply technology is a key factor in the development of our business. Our online trading platform is accessible to our members through multiple mediums of connectivity including full form VSATs, Virtual Private Networks ("VPN"), leased lines and the Internet. Our electronic platform is supported by our infrastructure and advanced technology, allowing our members immediate trade execution, anonymity and price transparency, prompt and reliable order routing, trade reporting, market data dissemination and market surveillance. Our system tracks mark to market ("MTM") loss online and if a member's MTM loss exceeds 75% of his total deposit with the exchange then his terminal is automatically put in "square-up" mode, whereby the member is prohibited from taking any new positions until the member's current open position amounts are reduced to below 75% of his total deposit with the exchange or if the member brings in more deposit. The technology for our electronic trading platform is supplied by our Promoter, FTIL. Our relationship with FTIL enables us to introduce new products and services quickly and efficiently, as FTIL is an established player in the development and deployment of exchange related technical products in India.

Integrated Infrastructure and Network of Alliances. The operation of our business is supported by the infrastructure we have developed and our network of strategic alliances, which we believe enables us to grow our business and expand our market presence. This includes our Promoter Group company, the NBHC, a national warehousing and supply chain company which provides warehouse and collateral management services and implement quality systems for receipt, storage, fumigation, product classification, weight certification, as well as, out-loading services for commodities. In addition, we have formed strategic alliances in India with the Bombay Bullion Association, the Solvent Extractors' Association, the Pulses Importers Association, the India Pepper and Spice Trade Association, the United Planters' Association of Southern India and the Bombay Metal Exchange. On the international front, we have formed strategic alliances with the Chicago Climate Exchange, the London Metal Exchange, the New York Mercantile Exchange, Sydney Futures Exchange Limited, the Zhengzhou Commodity Exchange, the LIFFE Administration and Management, the Shanghai Futures Exchange, Agricultural Futures Exchange of Thailand, the Tokyo Commodities Exchange and Bursa Malaysia Behrad. These alliances facilitate the sharing of information across regional and global exchanges, enabling us to penetrate new markets, enhance our product offerings and increase our market presence.

Experienced Management Team. Our management team is experienced in the exchange industry and the technology sector led by Jignesh Shah, our Managing Director and Chief Executive Officer, who brings to our Company more than ten years in the securities exchange industry. Jignesh Shah is a promoter of FTIL and played an important role in BSE's automation team which designed and implemented the BSE's online trading system known as "BOLT." Lambertus (Lamon) Rutten, our Joint Managing Director, was the chief, finance, risk management and information in the Commodities Branch of the United Nations Conference on Trade and Development (UNCTAD). He is involved in country-level advisory work on issues related to commodity trade, risk management and finance, including as part of FAO and World Bank teams. He is also a member of the World Bank's International Task Force for Commodity Risk Management in Developing Countries. Joseph Massey, our Deputy Managing Director, was formerly the managing director of the Inter-Connected Stock Exchange of India and the executive director of the Vadodara Stock Exchange. Other members of our management team also have knowledge of the exchange industry. We believe that our management's knowledge of the exchange industry enables us to respond to market opportunities, adapt to changes in the regulatory environment and bring innovations to our exchange and to the commodities futures industry in India.

Growth Strategy

We believe that there are several global trends which are re-shaping the marketplace and driving volume growth in exchange traded commodities. Globalization, deregulation, advances in technology and increasingly sophisticated market participants offer opportunities for expanding the Indian commodities futures markets. We shall endeavour to capitalize on these factors by implementing the following strategies:

Expand Market Presence and Increase Customer Base. As of December 31, 2007, we had 1,811 registered members operating nationwide with 7,270 TWSs spread over 403 cities and towns. We intend to continue to increase our customer base by introducing new products on our exchange, by establishing footholds in additional geographical areas and by continuing our efforts to disseminate knowledge and information about the commodities futures industry. Along with our alliance partners, we plan to establish and grow our presence in additional regions across India. For example, we believe the NSEAP, one of our Promoter Group companies, a parallel electronic market for spot trading in commodities, may attract new market participants and could be a potentially source of new members for our exchange. We also intend to leverage our relationships with our institutional shareholders to expand our customer base once these entities are allowed to trade in commodity derivatives as these entities have a nationwide distribution network. As part of our ongoing efforts to promote participation in the commodities market in India, we have introduced training and certification programs to educate existing and potential market participants, particularly those located in rural India and corporate and management students, about the dynamics of the commodities market, to enable them to benefit from trading in commodities futures or to pursue professional careers in the commodities industry. We intend to continue to provide these and other similar programs to disseminate knowledge about the commodities industry which will help increase our membership and user base. Finally, we plan to increase our sales and marketing efforts to attract additional market participants and expand our customer base via the following methods: conducting seminars, meeting with brokers and other members within the industry, utilizing print and electronic media to promote knowledge and awareness of the commodities industry, and participating in various programs to market to other industries.

Introduce New Products. Since our inception, we have introduced a variety of new commodities-based futures contracts on our exchange. The number of products we offer on our exchange has grown from 15 as of March 31, 2004 to 55 as of December 31, 2007. We focus on offering futures trading in commodities which are significant in the Indian and global context and which are traded on international exchanges. We plan to increase our product portfolio through our research and development efforts and through our alliances with other exchanges. We believe we can capitalize on recent changes in regulations governing the Indian commodities derivatives industry permitting trading in options and intangibles, including indices. Further, if and when trading in commodity indices is permitted, investors will be able to trade in our composite commodity index, MCX-COMDEX, and in our other indices.

Continue to Pursue Strategic Initiatives. We plan to supplement our internal growth through the formation of strategic alliances, joint ventures and/or select acquisitions of businesses. We will seek alliances and acquisitions that help us to enter new markets, provide services that we currently do not offer or enable access to our markets. In addition to the strategic alliances we have formed with domestic associations and global exchanges, we have entered into a joint venture with Mother Dairy Fruit and Vegetable Private Limited and FTIL to set up a national exchange for undertaking spot trading in horticulture, floriculture, dairy and allied produce and products. We have also formed a joint venture to establish the DGCX, which is a strategic opportunity for us to expand our global reach. We believe these strategic alliances and joint ventures will allow us to develop new markets, enhance our services and increase our market presence.

Pursue New Revenue Sources. We believe there are opportunities for us to broaden our service offerings to develop new revenue sources that are not transaction driven. We believe that market data products and information offerings have the potential to become a source of revenue for, as is the case for various leading exchanges in the world. We have entered into agreements with several financial information service agencies including Bullion Desk (fast markets), NewsWire 18 Private Limited, Bloomberg L.P., IQN Data Solutions Private Limited, Reuters, Ticker Plant Infovending Limited, Reliable Software and CQG to provide market participants with prices, trading activity and real-time market information on the commodities being traded on our exchange and on the spot market. As part of information offerings, in fiscal 2006, we have charged Rs. 45.79 million for our content development / know-how fees and services in respect of verification and validation of software we provided in connection with the establishment of the DGCX. In fiscal 2007, we have charged Rs. 65.39 million for our IT Enabled/Software related services for various contents and detailed business requirement specification for a commodity exchange trading, clearing and settlement software provided to GBOT.

Brief History and Background

We were incorporated on April 19, 2002, and on September 26, 2003, we received "permanent recognition" from the Government of India to establish a nationwide online multi-commodity association. Online trading on our electronic platform commenced on November 10, 2003.

Products

We offer trading in futures contracts based on 55 commodities from various market segments including bullion, energy, ferrous and non-ferrous metals, oils and oil seeds, cereals, pulses, plantations, spices, plastics and fibers.

Bullion (4)

Gold, Gold M
Silver, Silver M

Energy (5)

Crude Oil
Brent Crude Oil
Furnace Oil
Middle East Sour Crude Oil,
Natural Gas

Fibre (4)

Kapas, Cotton–Medium Staple, Cotton – Long Staple,Raw Jute

Cereals (1)

Maize

Oils and Oilseeds (13)

Castor Seed, Soya Bean, Castor Oil, Groundnut Oil, Refined Soy Oil, Mustard/ Rapeseed Oil, Kapasia Khalli, Mustard Seed (Jaipur), Sesame Seed, Cotton Seed, Coconut Oil, Coconut Oilcake, Rice Bran De-Oiled Cake

Metals (9)

Copper
Tin
Nickel, Aluminium,
Zinc, Lead,
Steel Long (Bhavnagar)
Steel Flat,
Sponge Iron

Pulses (2)

Chana, Masur

Spices (5)

Black Pepper
Red Chilli
Jeera
Turmeric
Cardamom

Others (8)

Guar Seed
Guar Gum
Gur, Mentha Oil
Sugar M-30
Sugar S-30
Potato (Agra)
Potato (Tarkeshwar)

Plantations (4)

Rubber
Cashew Kernel,
Arecanut,
Coffee (Robusta)

The following table indicates the number of commodities offered for futures trading on our exchange as compared to the number of commodities (including Commodity based indices) traded on other top commodity exchanges globally as of December 31, 2007:

Futures Exchange	Country of Location	No. of Commodities Traded
Multi-Commodity Exchange of India Limited	India	55
Chicago Board of Trade (CBOT)	United States	23
New York Board of Trade (NYBOT)#	United States	8
New York Mercantile Exchange (NYMEX)*	United States	11
London Metal Exchange (LME)	United Kingdom	20
Tokyo Commodity Exchange (TOCOM)	Japan	11
Tokyo Grain Exchange (TGE)	Japan	8
Intercontinental Exchange (ICE)	United Kingdom	10
Dalian Commodity Exchange (DCE)	China	7
Shanghai Futures Exchange (SHFE)	China	5
Zhengzhou Commodity Exchange (ZCE)	China	6

Source: Exchange websites
 # Effective September 3, 2007, the New York Board of Trade (NYBOT) has been renamed ICE Futures U.S. and ICE's London-based futures exchange has been renamed ICE Futures Europe.
**Excluding NYMEX Clearport and CME Globex products.*

The following table presents information on the value of contracts traded on our exchange for the products traded on our exchange during the last three Fiscals:

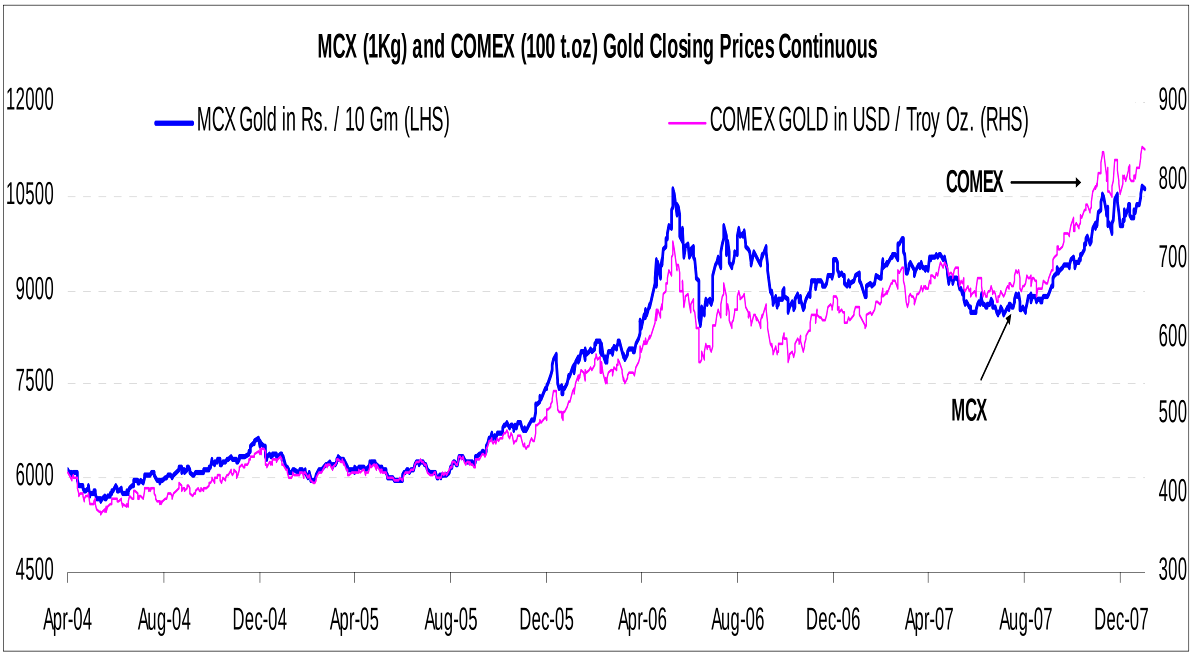
	Fiscal 2005		Fiscal 2006		Fiscal 2007	
	Value Rs.	%	Value Rs.	%	Value Rs.	%
Gold	563,662.53	33.85	3,664,868.57	38.11	9,075,750.81	39.57
Silver	829,280.59	49.80	2,600,961.12	27.05	6,119,404.57	26.68
Crude Oil[(1)]	19,001.37	1.14	1,755,534.28	18.26	1,826,287.85	7.96
Copper	1,346.32	0.08	80,266.87	0.83	2,706,368.86	11.80
Other Products	251,966.49	15.13	1,514,696.33	15.75	3,209,427.23	13.99
Total Value	1,665,257.30	100.00	9,616,327.17	100.00	22,937,239.32	100.00

[(1)] The trading of contracts based on crude oil commenced on our exchange on February 9, 2005; trading data for crude oil for Fiscal 2005 is calculated from this date onwards.
Figures calculated on a per-side basis
Trading on our exchange commenced on November 10, 2003.

Product Trading Data

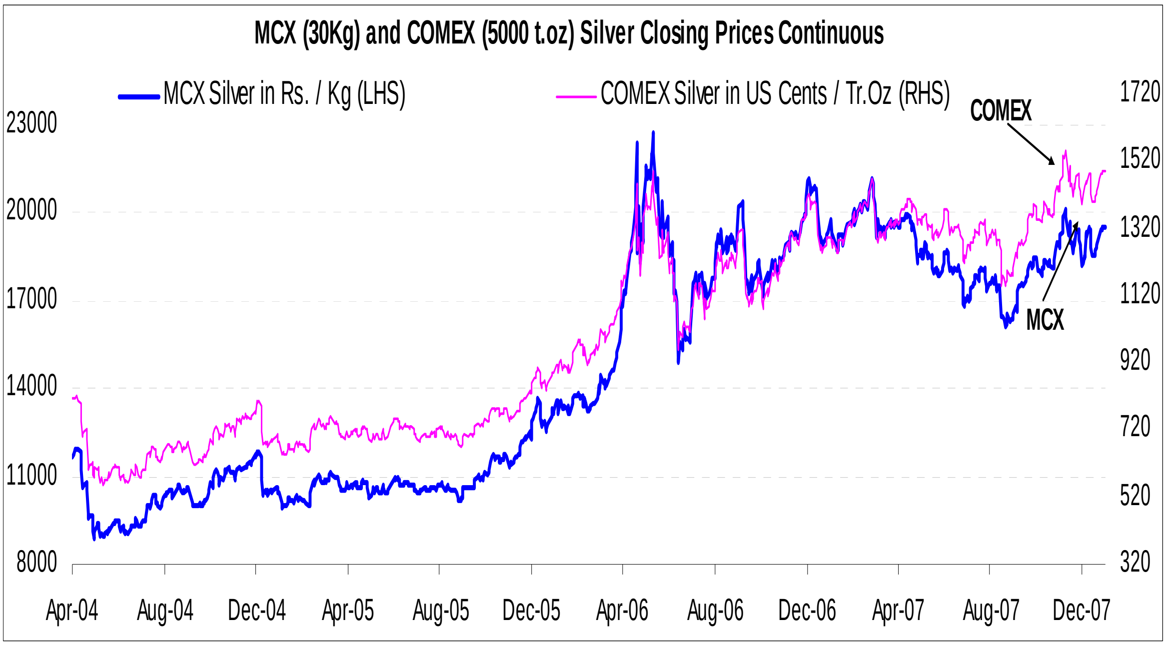
The following charts provide information regarding the price trends of gold, silver, crude oil and copper the top four commodities traded on our exchange in terms of volume as of December 31, 2007, as compared to the price trends of these commodities traded on the NYMEX

GOLD



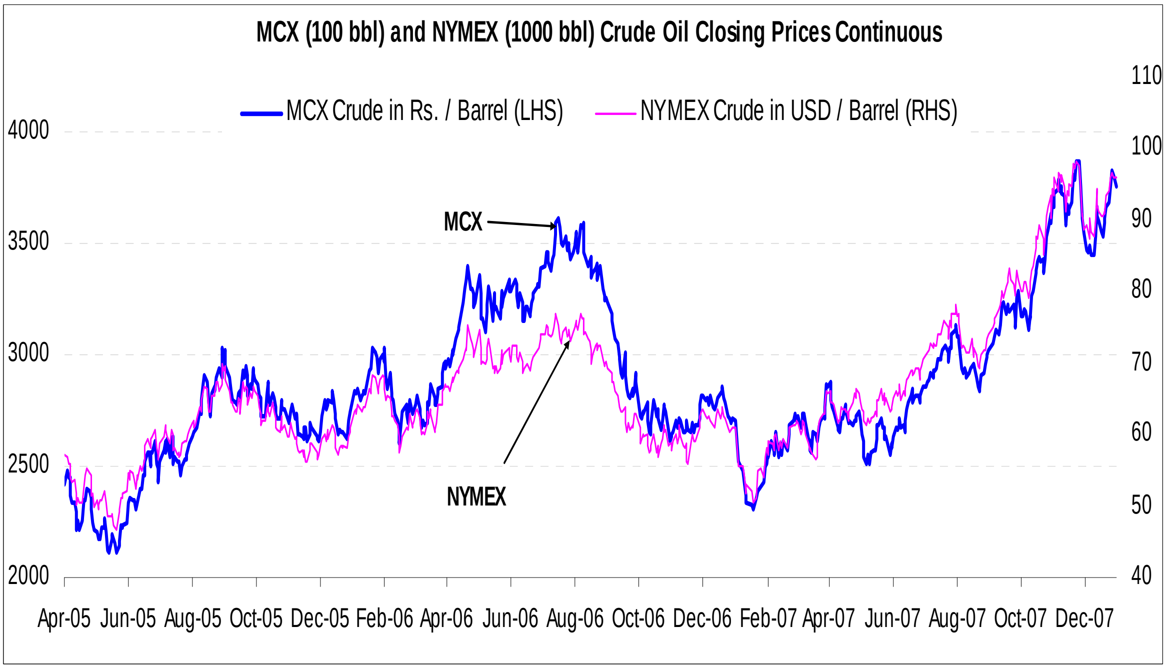
Source: Metastock [Metastock / The DownLoader / MCX/ 1 MONTH / GOLD 10GM – 1KG – 1MONTH].

SILVER



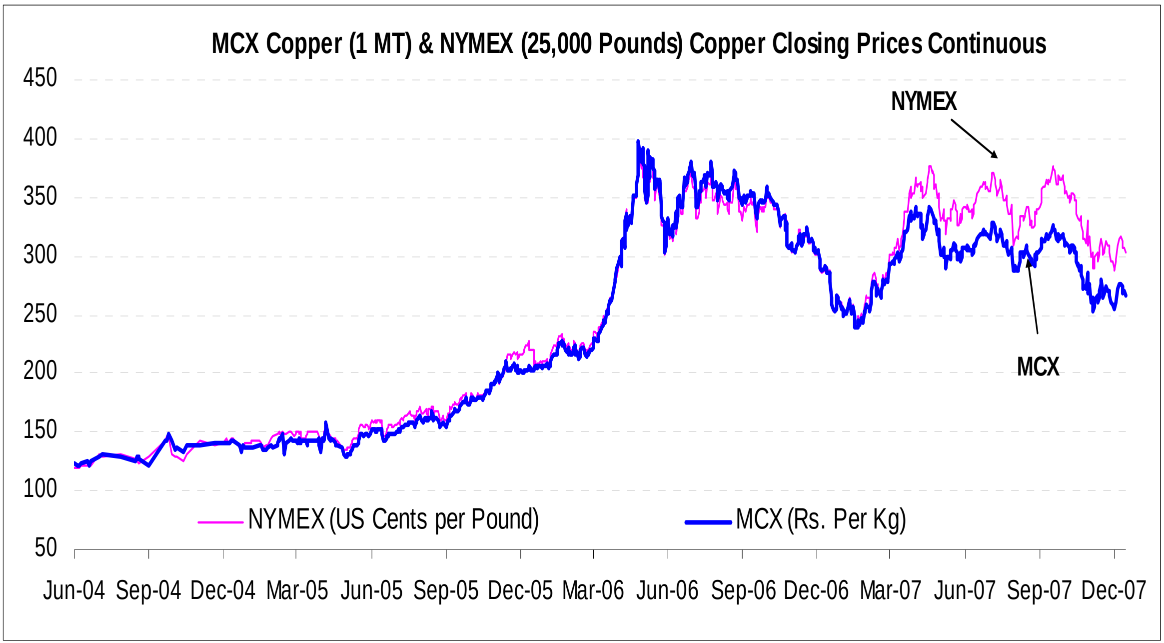
*Source: Metastock [*Metastock / The DownLoader / MCX/ 1 MONTH / SILVER– 1KG – 1MONTH

CRUDE OIL



*Source: Metastock [*Metastock / The DownLoader / MCX/ 1 MONTH / CRUDE OIL– 1 Litre – 1MONTH*]*

COPPER



*Source: Metastock [*Metastock / The DownLoader / MCX/ 1 MONTH / COPPER– 1KG – 1MONTH

The above charts demonstrates the existence of a high correlation between prices on our exchange for global commodities such as gold, silver, crude oil and copper with those of the global benchmark exchanges signifying a strong linkage between the Indian and global commodities markets.

Product Development

Since our inception, we have introduced a variety of new commodities-based futures contracts to our exchange. The number of products we offer on our exchange has grown from 15 as of March 31, 2004 to 55 as of December 31, 2007. We generally focus on offering futures trading in commodities which are significant in the Indian and global context and are also traded on international exchanges. We were the first exchange in India to offer trading in steel futures. We were the first exchange to launch futures trading in crude oil and plastics in India. We have formed strategic alliances with the Chicago Climate Exchange and have launched carbon credits in India.

On June 7, 2005, we launched the MCX-COMDEX, which is the India's first composite commodity futures price index, along with group indices. It is composed of commodities included in the three group indices – MCX Agri, MCX Metal and MCX Energy. The commodities which comprise the index have been selected based on their economic importance based upon physical market size in India within the Indian economy and the Turnover for each of these commodities on our exchange for the specific period. The following is the composition of group:

- MCX-Agri: MCX-Agri is composed of agricultural commodities including, soy oil, mentha oil, potato, chana, cardamom, guar seed and kapas khalli (cotton seed meal) taking into account the futures prices of each of these commodities.

- MCX-Metal: MCX-Metal is composed of gold, silver copper, aluminum, nickel and zinc taking into account the futures prices of each of these commodities.

- MCX-Energy: MCX-Energy is presently composed of only crude oil and natural gas, taking into account the futures prices of crude oil and natural gas. Other energy commodities may be added as they are introduced on our Exchange.

Our commodity indices provide our members with information regarding market movements in the prices of futures contracts of the commodities included in each index. In addition, we believe that if and when trading in commodities indices is permitted by the Government of India, these indices may give investors the ability to hedge against inflation through the price movements of a basket of commodities.

In addition, we have also launched three rain indices, RAINDEXMUM (Mumbai), and RAINDEXIND (Indore), RAINDEXJAI (Jaipur) each of which tracks the progress of monsoon rains in their respective geographic locations.

Research and Planning

As of December 31, 2007, we had 7 full-time employees on our research and development team dedicated to identifying and introducing new products on our exchange. Typically, our product development process includes conducting primary and secondary research on potential new products, testing with our market participants and research and make comparisons to similar products traded on global markets as necessary. Once completed, we submit our product reports and proposed futures contracts to the FMC for approval. After approval from the FMC is received, we conduct seminars and publicize the introduction of a new product on our exchange before launching the contract on our exchange.

Our research department also monitors the performance of existing contracts traded on our exchange and regularly communicates with market participants to ensure that changes (if required) are made to make the contracts more efficient. In addition, our research team monitors the physical markets, as well as futures markets, in India and abroad to evaluate the performance of our products. Our research and development team also works with our product advisory committee and other internal departments to share and obtain feedback and other information on our products.

We intend to continue introducing new products on our exchange and expand our existing product lines which we believe will generate new business and capture business from other markets or exchanges.

Standardized Contracts

We believe that the process of developing a standardized futures contract is core to the success of the product on the futures exchange platform. This is because all futures exchanges trade only in standardized contracts in an anonymous environment to foster ideal price discovery.

A standardized contract indicates the specifications of the contract in which the buyers and sellers will enter into. The contract should specify all the parameters regarding the trading unit, quality, and terms of trade etc. Overall, the contract should specify all aspects of the physical trade except the price and quantity, which is specified by the participants on the exchange platform.

In order to design such a uniform standardized contract, our research and development department with the help of the other relevant departments that deal with the physical market and its participants and advisory members try to understand the common practice of trading in the physical market. The most prevalent parameters and practices are replicated in the futures contract so that the participants are in agreement when entering into and exiting the contract.

Our advisory board reviews and comments on the standardized contract, which is subsequently reviewed and approved by the management. After management approval, the FMC also reviews and approves the contract before it is launched for trading on the exchange.

Business Development, Sales and Marketing

Our business development and marketing department, which was composed of 119 employees as of December 31, 2007, focuses primarily on educating clients and potential clients about the commodities futures industry. Our business development team makes frequent presentations at local *mandis* (or government-regulated Agriculture Produce Marketing Committee markets "APMC") and meets with farmers, traders, exporters, importers and manufacturers to explain the mechanisms for trading in futures contracts and the benefits of trading in commodities futures contracts from both a price discovery and price risk management perspective. Our business development department also conducts formal seminars on these and other topics at various locations across India. In addition, once a new product is launched on our exchange, our business development department is responsible for publicizing and creating awareness about our new product.

Our business development team members are located in various cities across India and our corporate office in Mumbai coordinates our national business development and marketing efforts.

Membership

Our members are classified into four general categories:

- A Trading Member (TM) is a person having been admitted by the Board as such, who shall have rights to trade on his own account as well as on account of his clients, but shall have no right to clear and settle such trades himself. All such trading members must be affiliated with any one of the Institutional Trading-cum-Clearing Member (ITCM) or Professional Clearing Member (PCM) having clearing rights on the Exchange.

- A Trading-cum-Clearing Member (TCM) is entitled to trade on his own account as well as on account of his clients, and clear and settle these trades himself. TCM, are divided into two sub-categories: Non-Deposit Based Members and Deposit-Based Members.

- Institutional Trading cum Clearing Members (ITCM) are entitled to trade on his own account as well as on account of his clients, clear and settle trades executed by himself as well as of Trading Members and Trading cum Clearing Members of the Exchange,

- Professional Clearing Member (PCM) is entitled to only clear and settle trades executed by trading-cum – clearing members or trading members of the exchange.

We require all of our members to pay fees consisting of the following: a one-time admission fee (one time), processing fee (one time)a security deposit, annual advance minimum transaction charges, annual subscription fees, annual insurance premiums, a non-refundable deposit for VSAT installation at members' locations. In addition, we require each of our members to maintain minimum net worth requirements. The details for each member are described in the table below:

	Trading Member	**Non-Deposit Based TCM Member**	**Deposit-Based TCM Member**	**Institutional Trading cum Clearing Member ("ITCM")**	**Professional Clearing Member ("PCM")**
Eligible Entities	Individuals (including sole proprietorships), registered partnership firms, corporate bodies and Hindu Undivided Family ("**HUF**").	a sole proprietor, a partnership firm, HUF, a company, a co-operative society, a public sector organisation, statutory organisation or any other Government or non-Government entity	a sole proprietor, a partnership firm, HUF, a company, a co-operative society, a public sector organisation, statutory organisation or any other Government or non-Government entity	A company, institution	A company, institution
Admission Fee	Rs.750,000	Rs.2,000,000	Rs. 1,000,000	Rs. 2,500,000	Rs. 1,000,000
Security Deposit[(1)]	PCMs and	Rs.3,000,000	Rs.6,500,000	Rs.10,000,000	Rs.10,000,000

	Trading Member	Non-Deposit Based TCM Member	Deposit-Based TCM Member	Institutional Trading cum Clearing Member ("ITCM")	Professional Clearing Member ("PCM")
	ITCMs Shall suitably collect deposits from Trading Members				
Annual Subscription	Rs. 10,000	Rs. 75,000	Rs.75,000	Rs.100,000	Rs.100,000
Processing Fees	Rs 10,000	Rs 10,000	Rs 10,000	Rs 10,000	Rs 10,000
VSAT Deposit	Rs.165,000	Rs.165,000	Rs.165,000	Rs.165,000	Rs.165,000
Minimum Monthly Terminal Fee	Rs.1,000	Rs.1,000	Rs.1,000	Rs.1,000	Rs.1,000
Minimum Net Worth	Corporate : Rs. 2,500,000 Non- Corporate : Rs. 1,000,000	Rs. 7,500,000	Rs.7,500,000	Rs.10,000,000	Rs.50,000,000
Authorized Activities	have rights to trade on his own account as well as on account of his clients	entitled to trade on his own account as well as on account of his clients, and clear and settle these trades himself	entitled to trade on his own account as well as on account of his clients, and clear and settle these trades himself	entitled to trade on his own account as well as on account of his clients, clear and settle trades executed by himself as well as Trading and Trading cum clearing members of the Exchange	entitled to only clear and settle trades executed by other members of the Exchange
Transferability of Membership/Refund	Not transferable	Membership is fully transferable after three years	Membership is not transferable; Deposit is refundable after three years	Deposit is refundable after three years	Deposit is refundable after three years

1 The security deposit is interest free and a minimum 50% of it can be given in the form of cash and the balance 50% can be given in the form of cash or bank guarantee/fixed deposit with the approved banks

As of December 31, 2007, we had 1,811 members, of which 1,713 were Non-Deposit Based TCMs, 66 were Deposit-Based TCMs, 16 were ITCMs and 4 were PCMs. In addition, we also had 12 TMs.

The top ten members trading on our exchange accounted for 30.19% of the volume traded on our exchange for the period from April 1, 2005 to March 31, 2006. The top ten members trading on our exchange accounted for 31.96% of the volume traded on our exchange for the period from April, 2006 to March, 2007 and for the period April, 2007 to December, 2007 the top ten members trading on our exchange accounted for 40.20% of the volume traded on our exchange.

Market Data and Information Services

We have entered into agreements with financial information service agencies including Bullion Desk (fast markets), NewsWire 18 Private Limited, Bloomberg L.P., IQN Data Solutions Private Limited, Reuters, Ticker Plant Infovending Limited, Reliable Software and CQG to provide market participants with prices, trading activity and real-time market information on the commodities being traded on our Exchange.

Trading Technology

We operate a nationwide, fully automated online exchange for commodities futures trading. Our exchange technology framework is supplied by FTIL, our Promoter.

Core Exchange Platform. Our core exchange platform consists of the following:

- Central matching engine;
- Central broadcast engine;
- Clearing and settlement system;
- Centralized surveillance system;
- Order management system;
- Market operation system;
- Information dissemination system for members;
- Feed system for information vendors; and
- Computer to Computer Link ("**CTCL**") Gateway system

Our central matching engine is hosted on a fully fault tolerant Stratus ftServer, which has "continuous processing" features and delivers an uptime of 99.999%, providing continuous availability. Additional features of the Stratus system include lockstep technology, failsafe software, and ActiveServiceT architecture. Other components of our exchange framework are hosted on high-end Intel servers using Microsoft Windows with various redundancy features. The databases for our trading system, as well as for our clearing and settlement systems, are clustered using a redundant fiber channel-based storage area network. Our current exchange framework can handle loads up to 1,000,000 trades per day, and as of December 31, 2007 our system has already handled 282,975 trades per day.

Our core trading platform and clearing and settlement systems are protected by redundant firewalls in a load-balancing and high-availability mode. Additional security measures in the form of an intrusion detection and prevention system ("IDS") is also implemented to protect our trading platform.

Our core exchange platform is the heart of our market place, having the ability to perform various functions including the following:

- Processing orders;
- Tracking activity with respect to underlying commodities;
- Executing trades;
- Broadcasting trade details to our members;
- Receiving market data feeds;
- Reporting real-time trades and quotes; and
- Transmitting records of activity to appointed clearing banks.

Connectivity. Since our inception, we have worked continuously to provide reliable and cost efficient modes of connectivity to our members. We provide our members with a quick and low cost option of connectivity. At present, our members can access our online trading platform through various means of connectivity which include the following:

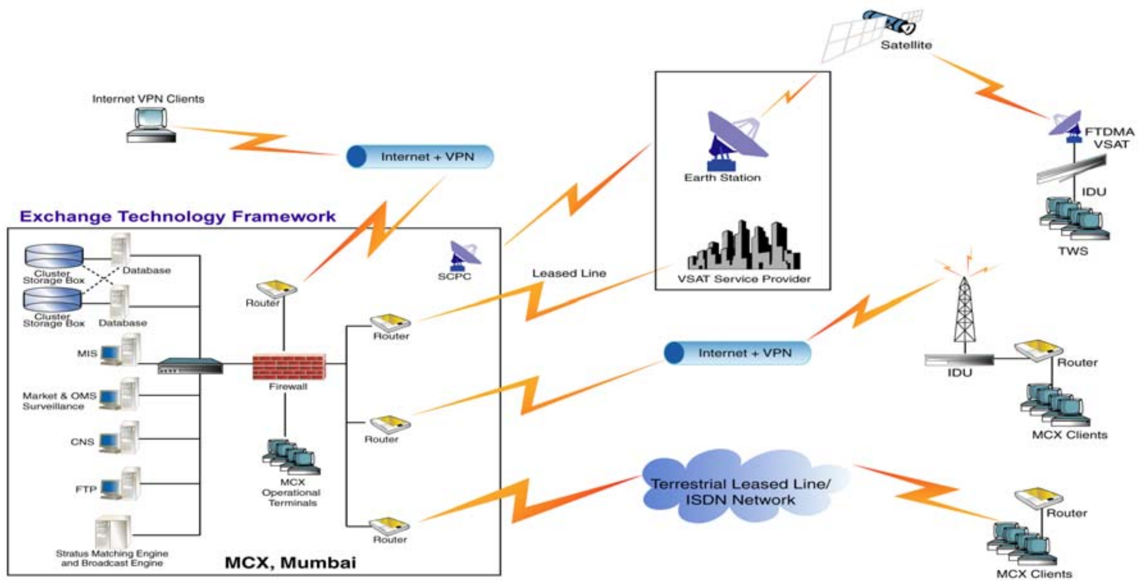
- VSAT: We have entered into an agreement with HCL Comnet, to provide VSAT based connectivity to members through HCL's central hub in Noida.

- Leased lines: Leased lines are 64Kbps point to point data circuits leased by our members and used to connect to our exchange.

- MPLS VPN: We have entered into an agreement with Bharat Sanchar Nigam Limited to enable our members to connect to our exchange via a terrestrial MPLS VPN.

- Internet: Members can also use Internet to connect to the electronic trading platform of our Exchange through a secured VPN.

The following chart illustrates the framework for our exchange technology:



Technology plays an important role in our success and we are committed to the ongoing improvement and maintenance of the technology used for our electronic trading platform. We believe that a well-designed system along with a structured technology road map will ensure reliability, scalability and functionality of our trading system. As on December 31, 2007, we have spent Rs. 550.80 million on our trading, clearing and settlement technology.

We have already commenced efforts to upgrade our software to enable options trading on our exchange which we believe will enable us to launch options trading on our exchange immediately if the Government permits options trading in India. The software to enable options trading on our exchange has been developed by FTIL.

To accommodate ever-increasing business demands and transactional loads, we periodically monitor our technology infrastructure and plan for upgrades to our system as and when resource utilization reaches 50% to keep pace with advanced technology. This enables capacity enhancement as well as technology upgradation which help us to take advantage of advanced technology features which include, among others, increased processing capacities and enhanced security features. At present, our exchange can handle up to 1,000,000 transactions per day. We plan to upgrade our technology system to enable our exchange to handle up to three million transactions per day, which will involve the upgradation of VSAT hub infrastructure to accommodate increased connectivity to our exchange, enhancement of our security, network and systems infrastructure.

Trade Verification Facility

Trade Verification Facility is an online, technological solution which confirms to the participants his order / trade status. Any market participant (client of MCX) who would like to know the status of his trading can know the status of his trades (executed at MCX) through Trade Verification Facility. Client has to feed required minimum details (order no, trade no, trade date, buy/sell to know further status of his trade)

This facility helps the market participants (client of MCX) to check the status of his executed orders for last five working days, in a single window (as reflected in the contract note provided by a member of the Exchange) which has resulted into trades.

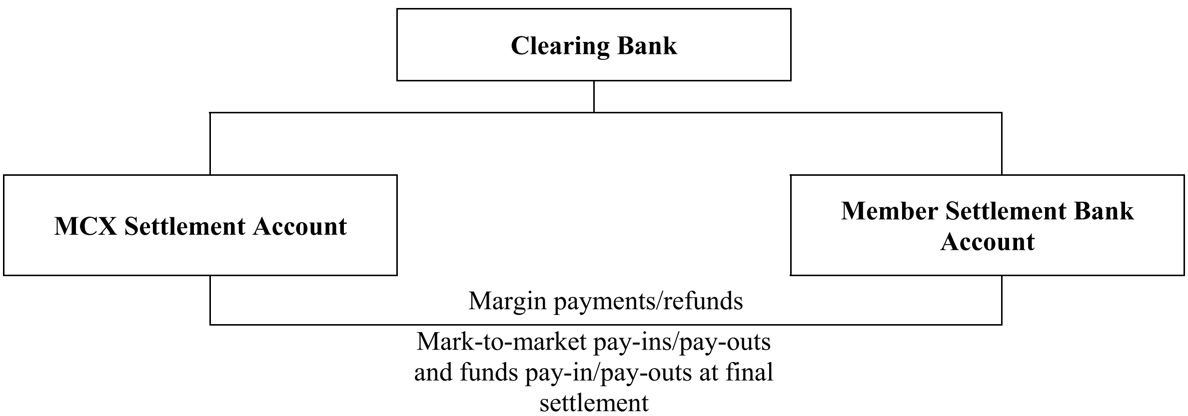
It also proves genuineness of the information provided by the Exchange member and confirms if the orders were executed on the Exchange platform.

Clearing, Settlement and Delivery

We have an in house clearing house which manages the daily MTM settlement as well as final settlement of all contracts including cash settlement and physical delivery of commodities. As of December 31, 2007, there were 13 clearing banks approved by us to support electronic funds transfers for settlement purposes and 48 exchange designated warehouses across approximately 21 locations to support the physical delivery of commodities.

Clearing and Settlement of Financial Obligations. We have appointed certain clearing banks for all fund transfers. Each member is required to maintain a settlement account and a client account with one of these clearing banks. The accounts are used for the purpose of settling trades executed on our exchange. The Settlement account is used for the transfer of funds to the Exchange Settlement account for the pay-in purpose or to transfer the same to client account for the pay-out received from the Exchange. The funds received from the client are credited to the client account. The Exchange credits only the settlement account of the member if the member is to receive the funds from the Exchange and debits the settlement account only if a member is required to pay a particular amount to the exchange. The said settlement accounts are used for the purpose of increasing/ decreasing of the margin deposits in cash by the member with the exchange.

At the end of each trading day, our system generates member wise files containing the details of each member's obligation based on the trading / transactions done by the member, including the position carried forward from the previous day, the closing position of the day and the net obligation of the member. This file is put on the member's FTP (File Transfer Protocol) at the end of the day and the member can download the same. The system also generates bank wise pay-in / pay-out files / automated bank wise member-wise statement for the debit or credit of settlement accounts which is sent electronically to the appropriate clearing bank for effecting debits and credits the following morning before the market opens. Upon receipt of the report, the clearing bank is authorized to either debit the member's settlement account to credit the Exchange settlement account maintained with the bank, or credit the member's account by transferring funds from Exchange settlement account to the members' account depending upon the pay-in/pay-out obligation. The clearing banks are instructed to inform our exchange immediately of any shortage of funds in members' settlement accounts.



In case a member fails to make a payment towards his daily obligations as per the scheduled T+1 the same is adjusted from the available deposit of the members with the Exchange reducing the member's margin deposits for further exposure on the Exchange platform.

If, due to the adjustment of the shortages and the default penalties, the member's margin deposits fall below the required margin deposit to be maintained at any given point of time (Initial margin deposit), the member is suspended from trading on our exchange until the member deposits additional funds to maintain his initial margin deposits

Physical Delivery

In case of settlement of physical delivery of commodities, we coordinate with sellers, buyers, warehouses accredited by us and the NBHC and quality certifying agencies (assayers) to ensure that the quality and quantity specified in a contract for the commodity is delivered on a timely basis to the buyer and the seller's settlement account is appropriately credited with the sales proceeds.

Physical delivery of the underlying commodity can be specified in a futures contract in one of the three ways:

- Seller's Option: Physical delivery of the underlying commodity will be effected if the seller having short open positions, indicates an intention to deliver the goods. If the seller does not wish to deliver the goods, then all open positions for the commodity on the expiry date of the contract are closed out at the price which is calculated by way of taking the weighted average of the spot market prices of the commodity over the last day, three days or five days of the contract expiry date, depending on the contract specifications (the "Due Date Rate") and no penalties are imposed.

- Compulsory Delivery: For a contract which has compulsory delivery option, a seller having an open position on the expiry date of the contract must deliver the underlying commodity on the working day after the expiry date. Penalties are imposed for non-delivery of the commodity at such rates as are indicated in the contract specification. Similarly, buyers should compulsorily take delivery of such commodities, failing which they too will be charged a penalty for such default as indicated in the contract specification.

- Both (Buyer's and Seller's) Option: Physical delivery of the underlying commodity will be effected only when both the buyer and seller give their consent to take and give delivery. Any remaining unmatched quantity of underlying goods and any open positions for which delivery intentions were not made will be closed out at the Due Date Rate without the imposition of any penalty.

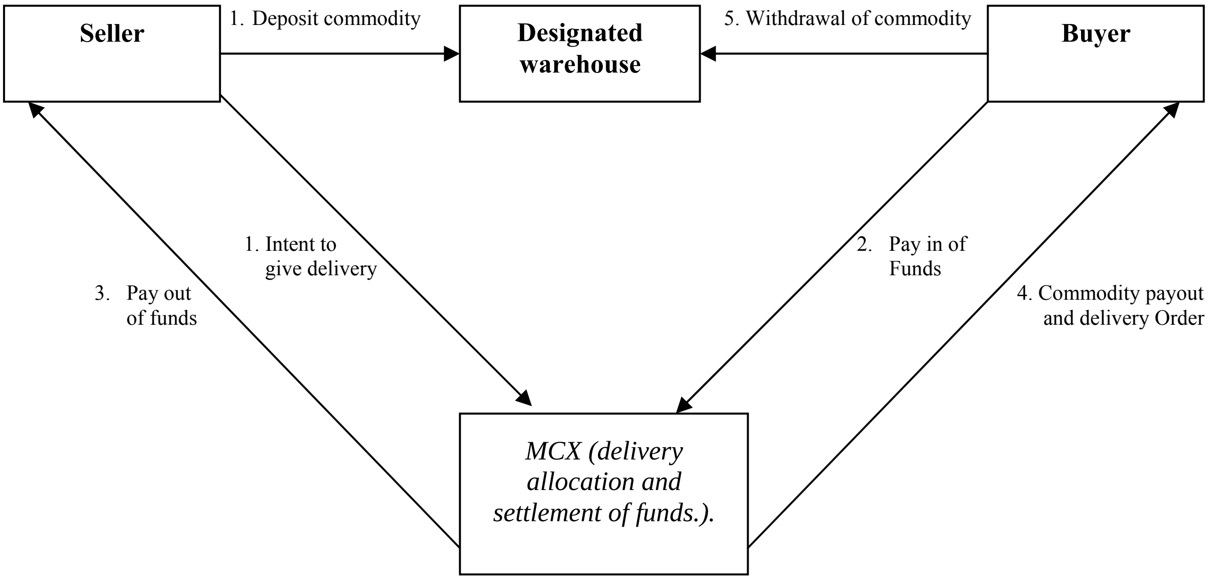
When a contract enters into a delivery period towards the end of its life cycle, which is typically five days before the expiration of the contract, a tender period margin is imposed. Such margin is imposed on members having open positions during the tender period specified in the contract, and remains imposed until the settlement of a delivery obligation or the expiry of the contract, whichever is earlier. When the open positions are marked for delivery, delivery period margins as specified in the contracts are levied. The delivery period margin is calculated according to a rate which varies according to the type of commodity. When a seller submits delivery documents along with a surveyor's certificate, the position is treated as settled and the tender/delivery period margin to such extent is reduced giving exemption in the tender / delivery period margin. When a buyer pays money for the delivery allocated, the tender/delivery period margin is reduced to the extent of the amount paid.

The matching of positions for the physical delivery of the underlying commodities is done according to contract specifications. After completion of the matching process, clearing members are informed of the deliverable/receivable positions and the unmatched positions for contracts for which delivery is optional. Unmatched positions are settled in cash at the Due Date Rate. Cash settlement of the contract is done the day after the contract expiry date. Delivery of the underlying commodities must take place at the location specified in the contract and through exchange accredited warehouses/vaults.

A seller intending to make delivery of the commodities must deposit the goods at a warehouse which has been accredited by our exchange. At the warehouse, an assayer appointed by our exchange inspects the commodities to determine whether they meet the contract specifications and issues an assayer's certificate indicating whether the delivery is acceptable. The seller must provide the warehouse receipt and assayer's certificate indicating acceptable delivery to the exchange during the tender period as specified in the contract.

If seller intends to give delivery in that case he will have to inform the exchange about his intention to give the delivery, along with appropriate evidence of possession of goods (warehouse receipts). Buyer will have to deposit adequate funds in the settlement account. The exchange will debit this amount on pay-in day and will transfer funds to the sellers settlement account. Buyer on the receipt of the warehouse receipt, subsequently can lift the goods from the designated warehouse.

The following chart illustrates the delivery process:



Market Safeguards and Risk Management

We have adopted the following market safeguards and risk management techniques to ensure that our members meet their financial obligations promptly to protect the marketplace from undesirable events:

Minimum Net Worth Requirements. As a prerequisite for membership on our exchange, we require all members to have and maintain minimum net worth. We require our members to confirm their net worth every year so as to ensure that minimum net worth requirements are maintained, which enables us to monitor and ensure the financial strength of our members.

Margin Requirements. We require all members to pay a security deposit at the time of registration which serves as an initial margin. If members desire to hold larger open position amounts, they are required to deposit additional amounts to serve as margins to support the aggregate open position of each member, computed on a real-time basis. The exchange charges initial margins on the basis of a VAR (Value At Risk) mode subject to a minimum of 5% of aggregate open position, except for gold commodities where it is 4% of aggregate open position. Members failing to maintain the initial margin are put in 'suspension mode' and are not allowed to trade till they increases their margins to the initial margin level. We determine these margins for each commodity based on its historical volatility and these margins are then approved by the FMC. Members are suspended from trading if they do not maintain sufficient margins with our exchange.

We impose margins to mitigate the risk of daily price movements in commodities and collect initial margins at rates higher than the historical volatility of the commodities to ensure that our exchange always has more funds than the risk due to price volatility.

Daily Morning Pay In and Pay Out. MCX computes the mark-to-market profit and loss for all the members on a daily basis. Effects for the pay in and pay out are given on a "T+1" basis. Debit and credit instructions are sent to the members 'settlement accounts with the clearing banks for the mark-to-market pay in and pay out obligations

Mark to Market Loss Monitoring. Our trading platform tracks losses incurred by each member on a real-time basis after each and every trade on the Exchange by comparing the difference between the contracted price and the last trade price on the market. Such MTM losses are blocked from the members' available margin deposits with the Exchange. We transmit alerts to each member each time the MTM loss amounts calculated exceed 60%, 75% and 90% of MTM limits which is 75% of the margin deposited by the member with our exchange. When a loss amount exceeds 75% of the member's margin deposit with the exchange, the member is put in "square-up" mode till such time his loss is within the prescribed limit of 75% of the margin deposited with the exchange. While the member is in square up mode, the member is prohibited from taking any new positions until the member's current open position amounts are reduced to below 75% of his total deposit with the exchange or if the member brings in more deposit. This system of on line loss monitoring is unique to our exchange, and is put in place to safeguard the interests of the clients/members, the exchange and the investors at large. Our system of mark to market loss monitoring is designed to minimize the risk of default by individual members.

Maximum Allowable Open Positions. For the purpose of managing liquidity risk and a member's susceptibility to default, we impose limits on net open positions as approved by the FMC. In the event a member exceeds maximum open position limit, the member is required to reduce his open holding positions such that they fall below the approved limit. If the member fails to reduce his open position limits, the exchange imposes penalty for such non-compliance by the members. Members are further directed to reduce the open position within the limits.

Circuit Filter Limitations / Daily Price Range ("DPR"). In order to safeguard against fluctuations in prices due to market volatility, we also enforce the daily circuit filter limit/DPR for each contract of the commodity as approved/ directed by FMC which specifies the price range within which a contract can be traded. We enforce the FMC's daily circuit filter limits in order to mitigate the risk arising out of sudden rises and falls in the prices of individual commodities. Depending upon the volatility, we may also impose special and additional margins as a risk management measure.

DPR Relaxation. Every contract is governed by the DPR as mentioned above. Whenever the price circuit /DPR is hit, the same is relaxed, whenever such relaxation is permitted. Depending upon the volatility of the market, volatility margins may also be imposed as a risk management measure by the Exchange. Such volatility margins forms part of the initial margins and is imposed in addition to other margins on a real time basis.

Insurance Coverage. For the members who trade on our exchange we have a Member Broker's Indemnity Insurance Policy with The Oriental Insurance Company Limited. The policy is valid from March 29, 2007 to March 28, 2008 and the indemnity limit is between Rs.0.5 million and Rs.5 million for each member broker with a cap of Rs.50 million annually on an aggregate basis. The policy indemnifies for members' erroneous transactions, forgery, computer crimes, forged tele-facsimile, electronic transmissions and electronic securities.

Settlement Guarantee Fund: We maintain a settlement guarantee fund ("SGF") which comprises security deposits made by each member applicable towards their initial margins and any other deposits / collaterals provided by the member for taking additional exposure on the Exchange platform. Whenever a member fails to meet his obligations to our exchange arising out of his clearing and settlement operations in respect of his transactions, or has insufficient funds in his account to meet his settlement obligations, or is declared a defaulter, in which cases the SGF may be utilised. Currently, we charge a penal interest at the rate of 0.5% of the shortfall amount, subject to minimum of Rs. 100 and maximum of Rs. 10,000 in case the shortfalls are made good from SGF. In case of continuous default, penal interest is levied at the rate of 18% p.a. and such penal interest is charged till the shortfall amount is paid by the member. Upon declaration of a default, we immediately notify our insurance provider to register a claim. However, our exchange has an effective risk management and surveillance system such that none of our members have been declared defaulter. As on December 31, 2007 the total amount in the SGF fund was 3,170.40 million in cash.

Arbitration and Investor Grievance: As per our bye-laws, all claims, differences or disputes between members or between a member and a client in relation to trades, contracts and transactions executed on our exchange shall be resolved by way of conciliation proceedings. In case such conciliation proceedings do not result in a settlement, the parties can resort to arbitration.

As per our bye laws, such arbitration shall be conducted by Arbitrators selected from a panel of the Exchange.

The arbitral tribunal shall pass an arbitral award within three months from the date on which a case was referred for arbitration. However, this time period may be extended from time to time by the exchange on an application made by either of the parties or the arbitral tribunal as the case may be.

Listed below is a table on the number of cases referred for arbitration and number of cases pending as on December 31, 2007:

Year	No. of Arbitration application received	Award/disposed of	Pending
September 2006 to March 2007	53	24	33
April 2007 to December 2007	47	50	26

The procedure for redressal of investor complaints is set out below:

- On receipt of a complaint, the complainant's letter is sent to the concerned member inviting the member's clarification on the subject and such member is required to submit his clarification within a week's time. Further, clarification and documents from the complainant may be called for in support of his claim. In any event, the complainant may be asked to file an arbitration reference, if it is difficult to settle the dispute through the conciliation mechanism.

- In the event it is clear from the documents available that the complaint is genuine, then the member concerned is asked to comply with the directions of the Exchange within a stipulated time period failing which Exchange considers disciplinary action against the member in terms of the provisions of the Rules, Bye Laws and Business Rules of the Exchange including suspension of trading rights, etc.

We maintain a register of complaints received in relation to transactions executed on our exchange. We have 35 investor complaints pending as on December 31, 2007.

Investor Protection Fund: We have set up an 'Investors Protection Fund', for the purpose of protection of the investors and educating investors. We also propose to make a continuous contribution. A portion of penalties imposed by the Exchange will also be contributed to the fund as directed by FMC. The Company is considering creation of an investor protection trust for this purpose as directed by FMC. The objectives of such fund shall include:

- compensating the constituents of Members of the Exchange (referred to as Investor or Constituent or Customer in this Deed) in case of a member of the Exchange is declared defaulter in terms of Byelaws, Rules and Regulations of the Exchange

- creating awareness through any media on benefits of trading on national level commodity exchanges

- developing infrastructure for price dissemination or preparation of literature on commodities market for distribution among the general public,

- imparting education, training to investor public at large,

- imparting education and training to various professionals working in the market including the Exchange.

- Imparting education and training to farmers on agricultural, risk protection and marketing related issues

- for any research connected with the above purpose either by the Exchange or any other agency promoted or sponsored by the Exchange.

- for such other purpose of public utility as the Trustees may deem fit and consistent with the objects of this Trust and directives of the Commission.

The total investor protection fund, as on December 31, 2007, was Rs 34.16 million.

Strategic Alliances and Joint Ventures

As part of our continuing efforts to introduce new products on our exchange and strengthen our product offerings, we have formed strategic alliances and joint ventures with domestic institutions and leading international associations and exchanges. We have also entered into various MoUs and agreements with organisations such as University of Petroleum and Energy Studies, Uttaranchal, G.B Pant University of Agriculture and Technology, Indian Society of Agribusiness Professionals and Welingkar Institute of Management Development and Research for jointly conducting industry focused management development programmes and consultancy and also to educate existing and potential market participants.

Joint Ventures

Dubai Gold & Commodities Exchange (DGCX).

In June 2005, we signed an MOU with Financial Technologies (India) Limited and the Dubai Metals and Commodities Center (now known as Dubai Multi Commodity Centre) to establish, as a joint venture, the DGCX. DGCX commenced operations with gold futures trading. Towards the end of fiscal 2006, DGCX introduced silver futures and commenced currency futures trading in June 2006. DGCX trades U.S. dollar denominated standardised futures contracts in a number of commodities that include gold, silver, marine fuel oil and currency derivatives. DGCX plans to introduce futures contracts in plastic. We had invested Rs.43.7 million in the DGCX, for a 10% stake as on March 31, 2006. For additional information see “History and Certain Corporate Matters” on page 94 of this Draft Red Herring Prospectus.

Safal National Exchange of India Limited (SNX)

SNX is an initiative of the Mother Dairy Fruit and Vegetable Private Limited (formerly Mother Dairy Food Processing Limited), a wholly owned subsidiary company of the National Dairy Development Board in collaboration with the Company and the Financial Technologies (India) Limited (FTIL) pursuant to the Joint Venture Agreement dated June 14,2006 to create a delivery based electronic spot market for horticultural commodities aimed at building a National Integrated Produce Market in an Exchange format. Mother Dairy Fruit and Vegetables Private Limited (Mother Dairy) owns 51% shareholding in the SNX and out of the balance shareholding, 30% held by the Company and 19% by FTIL. The operations of SNX are transparent and guarantees payment and delivery with quality for the benefit of sellers in e-enabled rural India and the large number of buyers across the country. The SNX has also entered into a User Agreement dated February 12, 2007 with Mother Dairy for use of its trademark “SAFAL” as a corporate name. Mother Dairy Food Processing Limited was amalgamated with Mother Dairy Fruit & Vegetables Private Limited with effect from 25.9.2007 in terms of the Scheme of amalgamation sanctioned by the Hon’ble Delhi High Court vide its order dated August 7, 2007.

For more details, see the section titled “History and Certain Corporate Matters” beginning on page 94 of this Draft Red Herring Prospectus.

Strategic Alliances and Memorandum of Understanding - Domestic

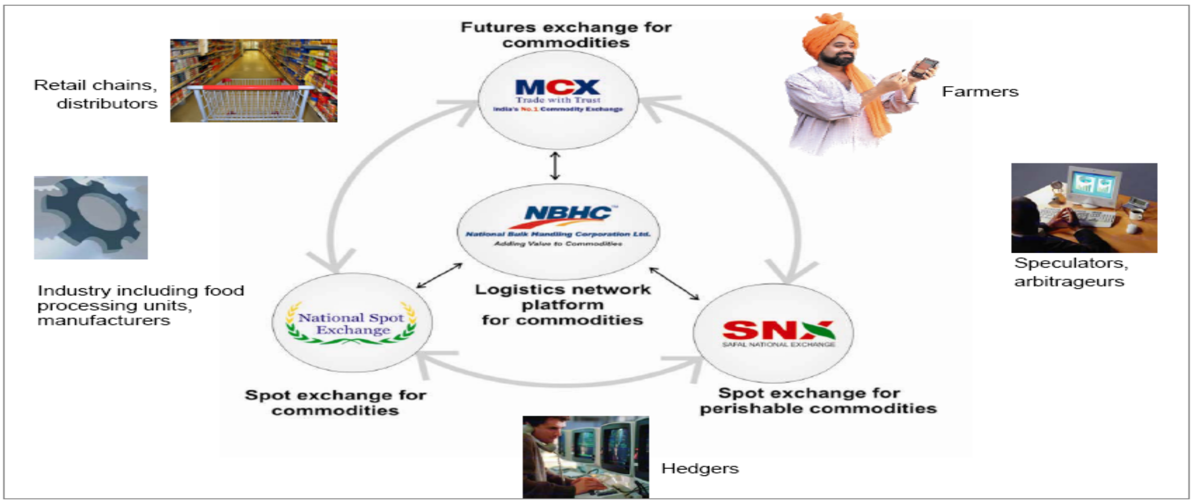
National Spot Exchange Limited (NSEL)

Pursuant to a MoU dated November 29, 2004, NSEL was promoted by the Company, FTIL and the National Agricultural Cooperative Marketing Federation of India (NAFED) as a national level institutionalised and demutualised, electronic spot exchange aimed at creating a unified transaction platform for various commodities with an initial focus on agricultural products. The Company divested its stake in this entity on December 31, 2005. As of December 31, 2007, FTIL held 99.99% of the equity shares of NSEL. NSEL intends to provide a structured electronic platform to trade in various commodities and effect deliveries and payments.

While MCX and DGCX are derivatives markets, NSEL will be an electronic spot market for commodities. While futures trading conducted by MCX provides price discovery and price risk management functions, NSEL would provide a price realisation function through increased physical delivery of commodities. The NSEL is not operational as yet and it is intended to start operations by the end of fiscal 2008.

National Bulk Handling Corporation Limited. ("NBHC")

Pursuant to a MoU dated December 28, 2004, NBHC was set up by us and FTIL on in April 2005. NBHC is an end-to-end solutions provider in the gamut of commodity and collateral management, including procurement, warehousing, bulk handling, grading and quality certification, commodity care and pest management, audit, accreditation and commodity valuation, trade consultancy and disposal of commodities. As of December 31, 2007, NBHC has a network of 315 warehouses across 17 states and union territories in India. The Company divested its stake in this entity on December 31, 2005. Currently FTIL holds 80.50% of the equity shares of NBHC and the balance 19.50% is held by State Bank of India.



Also, We have entered into an agreement with NBHC on March 12, 2007, which has further been amended vide agreement dated October 19, 2007, whereby NBHC has agreed to set up or hire and provide warehouses and related infrastructure at such locations at such as required by MCX to facilitate deliveries at those locations as per the contracts traded on the online trading platform of MCX. The agreement provides for compensation to NBHC since it would have to set up or hire and manage warehouses at certain financially non-viable locations to facilitate deliveries as required by MCX. A sum of Rs. 34.50 million is payable by MCX to NBHC during the financial year 2007-08.

Indian Commodity Associations. We have formed alliances with the following Indian commodity associations in India: (an association of vegetable oil industry), the Bombay Bullion Association, the Solvent Extractors' Association of India, the Pulses Importers Association, the India Pepper and Spice Trade Association and the United Planters' Association of Southern India.

International Crops Research Institute for the Semi Arid Tropics: We have signed an MoU with the International Crops Research Institute for the Semi Arid Tropics for a co-operative and collaborative working relationship which will enable us to disseminate spot and future prices of commodities and also create strategic alliance for research, information sharing, training and capacity building in agriculture and allied areas

Strategic Alliances - International

Tokyo Commodity Exchange ("TOCOM"). In November 2004, we signed a MoU with TOCOM, with the goal of further developing our respective commodities markets by exchanging knowledge regarding our respective products and services, contract specifications, delivery terms and conditions and risk management procedure.

In March 2006, we signed a licensing agreement with the TOCOM to use the TOCOM prices as a (a) last settlement price (b) a delivery price(c) a reference price and (d) settlement price for their relevant contracts as traded on our exchange.

Chicago Climate Exchange ("CCX"). In September 2005, we entered into an agreement with CCX to offer trading on our Exchange of newly created small-sized versions of futures contracts based on emissions allowances that have been developed by the CCX and are currently trading on other Exchanges.

New York Mercantile Exchange ("NYMEX"). In October 2005, we signed a MoU with NYMEX to explore areas of cooperation that could mutually benefit both exchanges. Together with NYMEX, we intend to develop areas of cooperation and business opportunities with the goal of assisting and benefiting producers, end-users, and investors in commonly traded products by applying international best practices for price risk management and exchange operations.

In June 2006, we also entered into a license agreement with NYMEX to use the NYMEX prices as benchmarks for settling futures contracts on our exchange.

London Metal Exchange("LME"). In October 2005, we signed a licensing agreement with LME to launch futures contracts in non-ferrous metals on our Exchange using the LME's prices as benchmarks for settling the futures contracts on our exchange.

Bursa Malaysia ("BMD"): In March 2006, we signed a MoU with BMD to facilitate co-operation and exchange of information. Together with BMD, we have agreed to participate and promote the development of the commodities markets within India and Malaysia by sharing of business rules, bye-laws and regulations, contract information along with delivery terms and conditions etc.

LIFFE Administration and Management: In March 2006, we signed a MoU with LIFFE Administration and Management to explore areas of cooperation that could mutually benefit both exchanges. In July 2006, we signed a licensing agreement in relation to the use of LIFFE futures prices as benchmarks.

Zhengzhou Commodity Exchange ("ZCE"): In September 2006, we signed a memorandum of understanding with ZCE to explore areas of co operation that could mutually benefit both the exchanges. As per the MoU both the exchanges will work together to develop areas of cooperation and business opportunities with the goal of assisting and benefiting the underlying producers, end users and investors in their commonly traded products by maximizing the application of international best practices for price risk management and exchange operations.

Agricultural Futures Exchange of Thailand ("AFET"): In April 2007, we signed a MoU with AFET to explore areas of co-operation that could mutually benefit both exchanges. Both the exchanges agreed to work together to explore areas of co-operation and business opportunities with the goal of promoting the development of the commodities markets within India and Thailand by sharing their respective business rules, bye-laws and regulations, contract information along with delivery terms and conditions etc.

Shanghai Futures Exchange ("SHFE"): In June 2007, we signed a MoU with the SHFE to share knowledge and expertise for further development of both the exchanges ecosystems and promote development of the commodities market within India and China.

Sydney Futures Exchange Limited ("SFEL"): On November 28, 2007, we signed a license agreement with SFEL to use the SFEL prices as a (a) last settlement price (b) a delivery price (c) a reference price and (d) daily settlement price for contracts traded on our exchange in Greasy Wool futures contract.

We have entered into preliminary discussions for other possible strategic alliances and/or joint ventures.

Competition

We encounter competition in all aspects of our business and compete directly with two other national electronic commodity exchanges in India: NCDEX and NMCE. We believe the principal factors affecting competition with our exchange involves liquidity, transaction costs, transparency, speed of execution, quality of technology (which includes ease of use, connectivity, security, scalability, customer service) and product portfolio.

Historically, the commodity futures industry has been characterized by significant specialization. Exchanges generally develop niche in product categories based on the performance of the trade and product specification and support mechanism provided by the exchange. Although there is no regulatory provision which prohibits trading of similar products on different exchanges, the market generally converges to a particular exchange in a manner such that the exchange further develops the product and provides support and services to market participants. The liquidity provided by trading in a particular contract on an exchange, as described above, typically creates a competitive advantage for that exchange as compared to other exchanges considering offering rival contracts.

The following chart provides comparative data for our exchange, NCDEX, NMCE and other exchanges in India.

Exchange	**Turnover (Rs. million)**					**Market Share in %**
	Fiscal 2004	**Fiscal 2005**	**Fiscal 2006**	**Fiscal 2007**	**Nine months ended December 31, 2007**	**Nine months ended December 31, 2007**
MCX	24,592	1,665,257	9,616,327	22,937,239	20,584,937	75.77%
NCDEX	14,903	2,663,383	10,666,864	11,672,794	5,517,520	20.31%
NMCE	238,409	139,882	183,853	1,127,982	139,889	0.51%
Others	1,015,763	1,262,862	1084176	1,031,249	926,664	3.41%
TOTAL	**1,293,667**	**5,731,384**	**21,551,221**	**36,769,267**	**27,169,011**	**100.00%**

Source: Except for data pertaining to MCX, all data sourced from FMC website

We believe that if governmental regulations are liberalized to allow FIIs, banks and Mutual Funds to trade in derivative markets, increased global interest in Indian commodities markets may develop.

Intellectual Property

We have created various intellectual properties over the years. We have 14 registered trademarks and 100 trade marks, which are pending for hearing and registration. We have also registered 62 copyrights under the Indian Copyright Act, 1947 for certain contracts specifications in commodities traded on our exchange and literary works published by us. The Company has registered "MCX Trade with Trust" under the Copyrights Act, 1947.

Insurance

We have taken the following insurance policies:

A. Policy with Oriental Insurance Company Limited for Rs. 2,250.00 million for the Bullion stored at vaults in New Delhi, Mumbai, Ahmedabad and Kolkata.

B. Policy with the Oriental Insurance Company Limited for Member's Indemnity Insurance.

C. Policy with Oriental Insurance Company Limited for various electronic equipment used by us, including VSATs and IDU.

D. Special contingency insurance policy with the New India Assurance Company Limited for our exchange clearing house and settlement guarantee fund. The indemnity limit is Rs. 10 million for the exchange clearing house and Rs. 100 million for the settlement guarantee fund.

E. Policy with Oriental Insurance Company Limited for Business Furniture and Fixtures, Electronic Equipments, Portable Computers, Baggage etc.

F. Public Liability insurance with Oriental Insurance Company Limited.

G. Money-in-transit policy with The Oriental Insurance Company Limited provides us coverage of up to Rs.5.00 million, to insure money transited between banks and our office and money stored in locked safes.

H. Mediclaim policy for staff and their family from The Oriental Insurance Company Limited,

I. Staff Term Life Policy with LIC of India and

J. Staff Group Accident Policy from Tata AIG Insurance Company Limited.

Employees

As of December 31, 2007, we had 460 full time employees handling various responsibilities as stated below:

Broad Functional Area	No. of Employees
Top Management	4
Business Development	119
Market Operations & Membership	91
Corporate Social Responsibility	3
Economic Analysis and Publication	11
MCX Academia of Economic Research	15
MCX Centre of Academia : Consultancy and Training	6
Research and Planning	7
Communications	66
HR, Finance and Legal	56
Support	82
Total	**460**

Our employees are not represented by trade unions.

In addition to a base salary, per the industry standard and a performance linked variable pay, we provide a number of benefits to our employees, such as medical expenses, housing or rent assistance, educational loans, healthcare, and retirement benefits. Our employees are also covered under specific insurance schemes. These insurance schemes provide coverage in the event of injuries or death sustained in the course of employment. Production linked and productivity incentive schemes are a regular part of our employee evaluation process. These schemes are worked out through a consultative process. Our employees are not allowed to trade on our Exchange.

Legal Proceedings

As of the date of this Draft Red Herring Prospectus, except as described in section "Outstanding Litigation" on page 231 of this Draft Red Herring Prospectus, we are not a party to or threatened with any litigation or other legal proceedings that, in our opinion, could have a material adverse effect on our business, operating results or financial condition.

Properties and Facilities

Our registered and corporate office is located at 102A, Landmark, Suren Road, Chakala, Andheri (East), Mumbai 400 093. We have entered into an agreement for the provision of various services and facilities like security, air conditioning and a fire fighting systems at our office premises.

The details of our freehold premises are as follows:

We have purchased a building admeasuring around 84,750 square feet (including basement area) through a sale deed dated November 2, 2007 executed with Mrs. Kasturi Vasanji Mamania and Mrs. Sashikala Manmohan Shetty at CTS No.255, 255/1 to 255 /6, at Village Gundavali, Suren Road, Chakala, Andheri East, Mumbai – 400093.

The details of some of our leased premises are as follows:

S. No.	Location	Area (Square feet)	Tenure	Leasehold/ Freehold)
	Mumbai			
1	Landmark A Wing, 1st Floor, Suren Road, Andheri (East).	9,000	February 18, 2007 to August 17, 2009	Lease
2	Trade Avenue, 6th Floor, Suren Road, Andheri (East).	4,584 + 2173 (terrace)	September 17, 2007 to June 16, 2010	Lease
4	Boston House, 401, 4th Floor, Suren Road, Andheri (East).	9,600	September 15, 2005 to September 14, 2008	Lease
5	Boston House, 101, 1st Floor, Suren Road, Andheri (East).	8,900	November 1, 2005 to October 31, 2008	Lease
6	7th floor, 349 Business Point.	10,805	January 1, 2007 to December 31, 2009	Lease
7	10th floor, Maithili' Signet, Vashi.	4,507	May 1, 2007 to April 30, 2010	Lease
8	1st floor, Chintamani Plaza.	7,000	August 12, 2007 to August 11, 2010	Lease
9	B 301, 3rd floor, Dipti Classic.	1,450	August 1, 2007 to July 31, 2009	Lease
10	Premises leased to MCX situated at Row House no.1, Royal Palm Estates, Near Mayur Nagar at Aarey Colony, Opp. Royal Palm Plaza Hotel, Mumbai	2,000	36 months from December 1, 2006	Leased
11	Lease of premises at Greenwoods Apartment , Chakala, Andheri (East), Mumbai	754	2 years from September 12007 to August 31, 2009	Lease
	Total	**60,773**		
	Navi Mumbai			
1	Office No.310, APMC Market, Vashi, Navi Mumbai.	300	November 1, 2005 to October 31, 2008	Lease
2	Mudi Bazar & Dana Bunder at Navi Mumbai APMC.	150	May 1, 2005 to April 30, 2010	Lease
	Total	**450**		
	Others			
1	B1005, Atma House, Ashram Road, Ahmedabad**.**	735	December 7, 2007 to December 6, 2010	Lease
2	1st Floor, 1st Thulasi, K.P. Vallon Road, Kadavanthra, Cochin 682 020.	750	January 15, 2008 to January 14, 2009	Lease
3	Premises no. 301, Ganga Estate, 6-3-350, Nagurna Circle, Road no.1, Banjara Hills, Hyderabad.	336	October 1, 2007 to June 30, 2010	Lease

S. No.	Location	Area (Square feet)	Tenure	Leasehold/ Freehold)
4	Flat No.406, New Delhi House, 27, Barakhamba Road, New Delhi - 110 001.	893	October 1, 2007 to September 30, 2011	Lease
5	3/B, Basement of Alisha Apartment-3, Madan Mohan Malviya Marg, Lucknow.	350	November 11, 2007 to October 10, 2008	Lease
6	Room No. 501, Ludhiana Stock Exchange Building, Feroze Gandhi Market, Ludhiana.	170	December 1, 2007to November 30, 2008	Lease
7	Office No. 212 at B-28 Shekhawati Complex, Station Road, Jaipur -302006.	600	September 27, 2006 to September 26, 2009	Lease
8	Money Chambers, Bangalore**.**	730	July 1, 2007 to June 30, 2010	Lease
9	5th floor, World Trade Center, Delhi.	2,428	April 16, 2007 onwards for 36 months	Lease
10	Lease of premises at House No.154, Golf Links, New Delhi	3,375	2 years from June 1, 2007 to May 31, 2009	Lease
11	1st floor, Doshi Towers, Poonamalle High Road, Kilpauk, Chennai 600 010.	4,740	September 10, 2007 to September 9, 2016	Lease
12	3rd floor, BNCCI House, 23 Sir R N Mukherjee Road, Kolkata 700 001.	4,500	October 15, 2007 to October 14, 2010.	Lease
	Total	80,830		

Regulatory Matters

See the section titled "Regulations and Policies" on page 89 of this Draft Red Herring Prospectus.

REGULATIONS AND POLICIES

The Department of Consumer Affairs in the Ministry of Consumer Affairs, Food and Public Distribution, Government of India is the apex regulatory body governing all commodity exchanges. It exercises overall regulatory supervision over the commodity exchanges, and also has the authority to grant or withdraw recognition of any commodity exchange.

The primary statute applicable to a commodity exchange is the Forward Contracts (Regulation) Act, 1952 ("FCRA") and the rules formulated thereunder, the Forward Contracts (Regulation) Rules, 1954 ("FCRR"). The FCRA provides for the setting up of the FMC to implement the provisions thereof. Pursuant to this, the FMC was set up in 1953. Most of the regulatory powers of the Central Government were delegated to the FMC. However, the powers relating to the grant and withdrawal of recognition to the associations are with the Central Government, which acts on the advice of the FMC.

The President of India passed the Forward Contracts (Regulations) Amendment Ordinance, 2008 ("Ordinance") which was published in the Gazette of India on January 31, 2008, pursuant to which certain key amendments have been carried out to the FCRA. FMC has been made a more autonomous regulatory body and trading in options has been permitted.

The following summary is based on the amendments as carried out by the Ordinance. Article 123 of the Indian Constitution empowers the President to promulgate an ordinance when both the houses of the Parliament are not in session and he is satisfied that circumstances exist which render it necessary for him to take immediate action. The Parliament must pass a law to replace the ordinance within six weeks of its assembling. The Ordinance will cease to operate at the expiry of six weeks from the assembly of the Parliament.

The FCRA categorizes commodities into 3 categories for purposes of regulation:

- commodities in which forward trading can be undertaken through a recognized association;
- commodities in which forward trading is prohibited; and
- commodities which have neither been regulated for being traded under the recognized association nor prohibited. Such commodities are referred to as 'free commodities' and the associations dealing in such free commodities are required to obtain a certificate of registration from the FMC for trading thereof.

The FCRA classifies contracts into ready delivery contracts, non- transferable specific delivery contract and Forward Contracts. Ready delivery contracts are contracts where both the supply/delivery of goods and payment is completed within eleven days from the date of the contract. Such contracts are outside the purview of FCRA. Non- transferable specific delivery contracts are specific delivery contract, the rights or liabilities under which or under any delivery order, railway receipt, bill of lading, warehouse receipt or any other documents of title relating thereto, are not transferable. Forward Contracts on the other hand are contracts for supply of goods and payment, where supply of goods or payment or both takes place after 11 days from the date of contract or where delivery of goods is totally dispensed with. These Forward Contracts are regulated and governed by the FCRA. The FCRA empowers the FMC to prohibit by a notification, Forward Contracts in a particular commodity in addition to those already prohibited under the FCRA.

Forward Markets Commission

Establishment of the FMC

The FMC has its headquarters at Mumbai and a regional office at Kolkata. Under the FCRA (as amended by the Ordinance), it is stipulated that the FMC shall consist of a Chairman; two members from amongst the officials of the Ministries or Departments of the Central Government dealing with Consumer Affairs, Commodity Derivatives, Food and Public Distribution, Agriculture or Finance; one member from amongst the officials of the Reserve Bank; five other members of whom at least three shall be the whole- time members.

Powers and Functions of the FMC

The FMC exercises a wide array of functions under the FCRA, which can be summarized as below:

a. Functions of the FMC:

- to advise the Central Government in respect of matters arising out of the administration of the FCRA;
- to grant or withdraw recognition of any association;
- to keep forward markets under observation and to take such action in relation to them as it may consider necessary, in exercise of the powers assigned to it by or under the FCRA;
- to collect and whenever the FMC thinks it necessary publish information regarding the trading conditions in respect of goods to which any of the provisions of the FCRA is made applicable, including information regarding supply, demand and prices, and to submit to the Central Government periodical reports on the operation of this Act and on the working of forward markets relating to such goods;
- to make recommendations generally with a view to improving the organisation and working of forward markets;
- to undertake the inspection of the accounts and other documents of any recognised association or any member of such association or any intermediary whenever it considers it necessary;
- to regulate the business of the associations;
- to regulate the functioning of members of the associations, clearing houses, warehouses and intermediaries;
- to levy fees for carrying out the purposes of the FCRA;
- to conduct research for the purpose of development and regulation of commodity derivatives market;
- to call from or furnishing to any such agencies, as may be specified by the FMC, such information as may be considered necessary by it for the efficient discharge of its functions;
- to protect the interests of the market participants in commodity derivatives markets;
- to promote and regulate self-regulatory oganisations;
- to prohibit fraudulent and unfair trade practices relating to commodity derivatives markets;
- to promote investors' education and training of intermediaries;
- to prohibit insider trading in commodity derivative;
- to advise the Central Government as to the goods in respect of which forward contract or option in goods or option in commodity derivative may be notified; and
- to perform such other duties and exercise such other powers as may be assigned to the FMC by or under the FCRA, or as may be prescribed.

b. Powers of the FMC:

- The FMC shall, in the performance of its functions, have all the powers of a civil court under the Code of Civil Procedure, 1908 (5 of 1908), while trying a suit in respect of the following matters, namely:

  a. Summoning and enforcing the attendance of any person and examining him on oath;

  b. requiring the discovery and production of any document;

  c. receiving evidence on affidavits;

  d. requisitioning any public record or copy thereof from any office;

  e. any other matters which may be prescribed.

- The FMC shall have the power to require any person, subject to any privilege which may be claimed by that person under any law for the time being in force, to furnish information on such points or matters as in the opinion of the FMC may be useful for, or relevant to any matter under the consideration of the FMC and any person so required shall be deemed to be legally bound to furnish such information within the meaning of Sec. 176 of the Indian Penal code, 1860 (45 of 1860).

- The FMC shall be deemed to be a civil court and when any offence described in Sections. 175, 178, 179, 180 or Sec. 228 of the Indian Penal Code, 1860 (45 of 1860). The FMC after recording the facts constituting the offence and the statement of the accused as provided for in the Code of Criminal Procedure, 1973 forward the case to a Magistrate having jurisdiction to try the same and the Magistrate to whom any such case is forwarded shall proceed to hear the complaint against the accused as if the case had been forwarded to him under Section 346 of the said Code.

- Any proceeding before the FMC shall be deemed to be a judicial proceeding within the meaning of Sections. 193 and 228 of the Indian Penal Code, 1860 (45 of 1860).

- Power to issue directions by FMC. - If after making or causing to be made an inquiry, FMC is satisfied that it is necessary, in the interest of trade and orderly development of commodity derivatives market, it may issue directions to any intermediary or association.

- Cease and desist proceedings. - If FMC finds, after causing an inquiry to be made, that any person has violated, or is likely to violate any provisions of the FCRA or any rules or regulations made thereunder, it may pass an order requiring such person to cease and desist from committing or causing such violations.

- The FMC has been vested with the powers of a civil court under the Code of Civil Procedure, 1908 for the exercise of its functions. Therefore, the FMC or any person authorised by the FMC can summon and enforce the attendance of any person and examine him on oath, receive evidence on affidavits, requisition any public record, and require the discovery and production of any document. Any person who fails to furnish information/ documents required by FMC would be liable for criminal action against him.

Grant of recognition to an association dealing in Forward Contracts

Any association concerned with the regulation and control of forward contracts or option in goods or option in commodity derivative which is desirous of being recognised, is required to make an application in the prescribed format to the FMC. Before the ordinance, applications were to made to the Central Government. The following are required to be provided to the FMC while applying for such recognition:

- a copy of the bye-laws for the regulation and control of forward contracts or option in goods or option in commodity derivative**;**

- a copy of the rules relating in general to the constitution of the association, and, in particular to:

    - the governing body of such association, its constitution and powers of management and the manner in which its business is to be transacted;

    - the powers and duties of the office-bearers of the association;

    - the admission into the association of various class of members, the qualifications of members, and the exclusion, suspension, expulsion and re-admission of members therefrom or therein to;

    - the procedure for registration of partnerships as members of the association and the nomination and appointment of authorised representatives and clerks.

The applications made to the Central Government, on or before the commencement of the Forward Contracts (Regulation) Amendment Ordinance, 2008 and pending with the Central Government on such date shall be transferred to the FMC and thereafter it shall dispose of such applications in accordance with the provisions of this FCRA**.**

In addition, under the FCRA, no association which deals in Forward Contracts can carry on such business without having obtained a certificate of registration from the FMC.

Powers to make rules and bye laws

Under the FCRA, an association that has been granted recognition by the FMC, has the power to make rules in relation to the conduct of the members and the relationship with and among its members on, inter alia, the following matters:

- The admission of a firm or a Hindu undivided family as a member

- the grouping of the members of the association according to functional or local interests, reservation of seats on its governing body for members belonging to each group and appointment of members to such reserved seats:

    a. by election exclusively by the members belonging to the group concerned,

    b. by election by all the members of the association,

    c. by election by all the members of the association from among person chosen by the members belonging to the group concerned for the purposes;

- the restriction of voting rights in respect of any matter placed before the association at any meeting to those members only who, by reason of their functional or local interests, are actually interested in such matter;

- the regulation of voting rights in respect of any matter placed before the association at any meeting so that each member may, be entitled to have one vote only, irrespective of his share of the paid up equity capital of the association;

- the restriction on the rights of a member to appoint another person as his proxy to attend and vote at a meeting of the association; and

- the retirement at every annual general meeting of all directors or such number or proportion of their total number as may be specified in the rules.

No rules of a recognised association made or amended shall have effect until they have been approved by the Central Government or FMC and published by that Government or FMC in the official Gazette.

Trading in options and Derivatives:

Earlier trading in options was explicitly prohibited. However, through the recent Ordinance, options trading have been allowed between members of a recognized association. An option is a contract that gives the option holder the right to buy or sell an underlying commodity (or a commodity derivative) at a fixed price on or until a specified date. The buyer of the option contract does not have the obligation to buy or sell. He will exercise the option only if it is profitable. He pays a fee (called option premium) to purchase this right. An option that gives the right to buy an underlying asset is called a call option. An option that gives the right to sell an underlying asset is called a put option.

The recent Ordinance passed by the President has introduced the definition of Commodity derivatives to include a contract that derives its value from the prices or indices of prices of underlying goods or activities, services, rights, interests and events. Therefore, through this amendment, contracts trading of intangibles can be carried out. The permitted underlying items will be notified by the central government. For example, a contract between parties A and B saying that A will pay B the difference in the prices of two varieties of wheat two months from the current date is a commodities derivative. Another example is a monsoon future which specifies that the buyer pays or receives a sum depending upon the actual rainfall in Nagpur in August.

Supervision

The FMC has powers to conduct inspection of accounts of the exchanges and their members and to inquire into the affairs of the exchanges. In addition, the FMC shall have the power to suspend member of recognised association or to prohibit him from trading; supercede governing body of recognised association and power to suspend business of recognised associations.

Penal Provisions

The FCRA provides for penal provisions in relation to offences involving contravention of the FCRA and most offences under the FCRA constitute cognizable offences. The powers of search, seizure and investigation are with the respective state police authorities.

The FCRA provides that in case a person enters into any forward contract or option in goods or option in commodity derivative during the period of suspension of business of a recognized association in pursuance of a notification or is a member of any association, other than a recognized association, to which a certificate of registration has not been granted under FCRA, or enters into any forward contract or option in goods or option in commodity derivative in contravention of FCRA, the person shall, on conviction, be punishable for a first offence, with imprisonment which may extend to one year or with a fine of not less than twenty five thousand rupees but which may extend to twenty-five lakh rupees, or with both. For a second or subsequent offence in relation to entering into a forward contract or any option in goods or option in commodity derivative in contravention of FCRA, the person may be punished with imprisonment which may extend to one year along with fine. However, in the absence of special and adequate reasons which is required to be mentioned in the judgment of the court, the imprisonment shall be not less than one month and the fine shall not be less than twenty five thousand rupees. Further, the court may, if it thinks fit and in addition to any sentence which it may impose for such offence, direct that any money, goods or other property in respect of which the offence has been committed, be forfeited to the Central Government.

The FCRA provides that in the event that an offence has been committed by a company, every person who at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of, the business of the company, as well as the company, shall be deemed to be guilty of the offence and may be proceeded against accordingly.

HISTORY AND CERTAIN CORPORATE MATTERS

We are an independent and de-mutualised multi commodity association and were incorporated on April 19, 2002 under the name Multi Commodity Exchange of India Private Limited. Subsequently, on May 16, 2002, we were converted into a public company and our name was changed to Multi Commodity Exchange of India Limited. We received permanent recognition from the Government of India for facilitating online trading, clearing and settlement operations for commodity futures markets across the country on September 26, 2003. Online futures trading commenced on MCX in November 2003. We received non-promoter equity participation for the first time in May 2004 when Bank of India, Union Bank and Corporation Bank invested in the Equity Shares of the Company. Since then, we have received equity participation from various banks and financial institutions, including State Bank of India in July 2004, HDFC Bank in March 2005, NSE in May 2005 and NABARD in June 2005. Fidelity Funds-India Focus Funds (FID Funds (Mauritius) Limited) also invested into the Company by subscribing to 3,600,000 Equity Shares on February 3, 2006 of face value Rs 10 each. Recently, our Promoter, FTIL sold 3,907,540 shares each to Citigroup Strategic Holdings Mauritius Limited and Merrill Lynch Holdings (Mauritius), 1,563,016 shares to GLG Financial Funds, 2,344,524 shares to Passport India Investment (Mauritius) Limited, 2,476,190 shares to ICICI Trusteeship Services Limited, 296,000 shares to ICICI Lombard General Insurance Company and 3,907,540 shares to IL&FS Trust Company Limited, 781,508 shares to New Vernon Private Equity Limited, Kotak Mahindra Trusteeship Services Limited and Alexandra Mauritius Limited respectively.

Some of the key milestones of our company are as follows: -

Year	Events
September 26, 2003	Received permanent recognition from Ministry of Consumer Affairs, Food and Public Distribution, Government of India
November 10, 2003	First day of trading.
December 8, 2003	Online futures trading during evening session and through Internet trading facilities pioneered
November 29, 2004	Signed MoU with TOCOM.
November 11 2004	Along with FTIL and NAFED, we announced the establishment of NSEAP
March 31, 2005	Tie up with Corporation Bank for Corp Agriculture Produce Loan ("CAPL") scheme for farmers
June 7, 2005	Launch of first composite Commodity Futures Index in India: 'MCX-COMDEX'
June 14, 2005	'Commodity Suchana Kendra', a joint initiative with Maharashtra State Agricultural Marketing Board ("MSAMB") and NSEAP to link up all Agriculture Produce Market Committee ("APMC") markets, launched at the Agriculture Produce Market Committee, Navi Mumbai.
October 7, 2005	MoU signed with NYMEX
October 25, 2005	Announced of licensing agreement with LME to launch LME based products on our exchange
November 22, 2005	DGCX goes live.
December 1, 2005	MCX Chair for research in commodities established at University of Mumbai.
December 6, 2005	Together with Bharat Sanchar Nigam Limited ("BSNL") and Mahanagar Telephone Nigam Limited ("MTNL"), launched SMS query services to provide Real-Time Commodity Futures and Spot prices delivered via SMS on mobile phones
February 3, 2006	FID Funds (Mauritius) Limited, a subsidiary of Fidelity Funds – India Focus Fund) becomes our shareholder
June 5, 2006	License agreement signed with NYMEX
June 14, 2006	Mother Diary selects Financial Technologies and MCX to set up SNX
July 31, 2006	MCX signed an agreement with LIFFE Administration and Management

Year	Events
September 18, 2006	MoU signed with ZCE
October 17, 2006	MCX gets the honour to be the First Indian Commodity Exchange to join FIA as Associate Member.
April 19, 2007	MoU signed with AFET
May 23, 2007	MCX obtains ISO / IEC 27001: 2005, Highest certification in information security management systems, becoming world first and only multi – commodity exchange to obtain this certification
June 13, 2007	MoU signed with SHFE
October 17, 2007	MCX obtains renewal of its ISO 9001:2000 certification from Bureau Veritas Certification (India) valid until October 29, 2010.
January 22, 2008	MCX registered record highest Turnover of Rs 212,760.20 million.

Main Objects of the Company

Our main objects as contained in our Memorandum are as follows:

To establish, operate, regulate, maintain and manage facilities in Mumbai and elsewhere in India and abroad enabling the members of the Exchange, their authorised agents and constituents and other participants to transact, clear and settle trades done on the Exchange in different types of contracts in commodities, securities and other instruments and derivatives thereof, in ready, forward and futures markets and to provide accessibility to the markets to various members of the Exchange and their authorised agents and constituents and other participants within and/ or outside India, and to provide, initiate, facilitate and undertake all support services relating thereto as per the Articles of Association, Bye-Laws, Rules and Regulations of the Exchange.

Changes in Memorandum of Association

Date	Changes
May 16, 2002	Conversion of private company into public company
March 17, 2003	Increase in the authorized capital from Rs. 0.5 million to Rs.110 million
September 1, 2003	Amendment to the object clause
February 27, 2004	Alteration of the object clause and increase in authorized capital from Rs. 110 million to Rs. 180 million
April 3, 2004	Increase in the authorized capital from Rs. 180 million to Rs. 300 million
February 5, 2005	Increase in the authorized capital from Rs.300 million to Rs. 500 millions
September 1, 2007	Sub-division of the equity share of the face value of Rs. 10/- each to the face value of Rs. 5/- each

Joint Ventures/ MoUs

Joint venture agreement with Mother Dairy Foods Processing Limited

The Company has entered into a joint venture agreement dated June14, 2006 with FTIL and Mother Dairy Fruit and Vegetable Private Limited ("**Mother Dairy**") to incorporate a joint venture company under the name of SAFAL National Exchange of India Limited as a public company limited by shares ("**SAFAL**") for the purpose of spot trading in horticulture, floriculture, dairy and allied produce and products. The authorized capital of SAFAL is Rs. 300 million. The paid up capital of SAFAL is Rs. 190 million as on the date of filing of the DRHP and its shareholding pattern is as set forth below:

Name of shareholder	% shareholding
Mother Dairy	51
MCX	30
FTIL	19

The parties are required to maintain the shareholding pattern as set forth above until such period as an external strategic investor is not introduced or equity is not raised through other non-promoter means or through a public offer, subject to the mutual consent of all parties. No party is permitted to increase or decrease its respective shareholding without the express consent of the other parties. The parties have a right of first refusal in respect of any sale of equity shares by any of the parties, subject to such terms as may be agreed upon by the parties. No party may sell, transfer, assign, hypothecate or otherwise encumber the whole or part of its shareholding in SAFAL without the prior written consent of the other parties and on such terms and conditions ad may be agreed upon by the parties.

The board of directors of SAFAL will comprise seven directors – four nominated by Mother Dairy and three nominated by the Company and FTIL. Major decisions of the board of directors require 75% majority. During the currency of the joint venture agreement, the parties have agreed not to participate in any activities relating to spot exchange in India, either directly or through any of its associates in any venture and/or project which will compete with the interests of SAFAL in respect of activities and functions relating to spot trading in horticulture, floriculture, dairy and allied produce and products

Memorandum of Understanding with Dubai Metal and Commodities Centre, Dubai Gold and Commodities Exchange and FTIL

The Company along with FTIL entered into a MoU dated June 9, 2005 with the Dubai Metal and Commodities Centre (DMCC) (now known as Dubai Multi Commodities Centre) situated in the United Arab Emirates for setting up a joint venture company with limited liability to set up and run a commodity exchange in Dubai, called as Dubai Gold and Commodities Exchange ("DGCX"). This MoU provides that 50% of the share capital of the company so formed will be held by the DMCC, 40% by FTIL and 10% by the Company. Further it stated that the initial funding requirements are anticipated to be in the range of US$10 million of which, FTIL and the Company shall contribute US$ 4 million (approximately Rs. 177.92 million) and US$ 1 million (Rs. 44.48 million) respectively, while DMCC shall contribute US$ 5 million (approximately Rs. 222.40 million). DMCC has the right to appoint three directors on the board of the company so formed and FTIL and the Company shall jointly appoint three directors. This MoU is valid for a period of 9 months. However, the parties may renew this MoU for one or more periods of 3 months each. This MoU is governed by the laws of Dubai. Further, as on date, our shareholding has reduced to 8%.

Further, pursuant to an MoU dated June 9, 2005, our Company entered into an agreement dated October 24, 2005 with DGCX for grant of know-how for providing DGCX with programs for their operations, set up files or data files and procedures for online trading, clearing and settlement procedures as well as verification and validation of system software with regard to a self regulatory framework, rules and guidelines in relation to a commodities exchange, trading, clearing and settlement procedures, membership rules, on site training; and data processing. Under the terms of this agreement DGCX has paid our Company a fee of US$ 1 million. This agreement is governed by the laws of Dubai and dispute resolution shall be by way of arbitration proceedings in Dubai

Agreements with our Promoter

We have entered into the following agreements with our Promoter, FTIL, in relation to supply of technical services:

1. We have entered into a Software Development Agreement (SDA) with FTIL on February 27, 2003 whereby FTIL had agreed to supply to the Company customized software to be used for integrated online trading, clearing and settlement system and other related services. This customised software includes computer programs or object codes containing executable or set up files or data files and an electronic customised software for on-line trading and matching consisting of server side application technologies and software products as also client side application software technologies. It is provided that any right, interest, property or benefit in the intellectual property in the said software vests solely and exclusively with FTIL. The SDA is valid for a term of 50 years and there will be automatic renewal for 49 years thereafter unless the SDA is terminated earlier. As per the SDA, the consideration payable by us to acquire the right to use the said software is Rs 100 million. However, in lieu of and in complete satisfaction of this amount, the Company agreed to issue and allot 10,000,000 equity shares of Rs 10 each to FTIL, which were allotted on September 6, 2003. Under the terms of the SDA, FTIL has warranted that the

customised software supplied herein does not infringe the intellectual property of any third party and that it shall facilitate free electronic distribution of any releases of version upgrades or patches to us. FTIL has supplied the necessary software as per this agreement.

2. We have entered into another Software Development Agreement (SDA-1) with FTIL on December 23, 2003 whereby FTIL had agreed to supply certain other customised software to be used for integrated online trading, clearing and settlement system including the CTCL gateway System which is a server side component that has been designed using a standards based approach. It is provided that any right, interest, property or benefit in the intellectual property in the said software vests solely and exclusively with FTIL. SDA-1 is valid for a term of 50 years and there will be automatic renewal for 49 years thereafter unless SDA-1 is terminated earlier. As per SDA-1, the consideration payable by us to acquire the right to use the said software is Rs 50 million. However, in lieu of and in complete satisfaction of this amount, we agreed to issue and allot 5,000,000 equity shares of Rs 10 each to FTIL, which were allotted on March 10, 2004. Under the terms of SDA-1, FTIL has warranted that the customised software supplied herein does not infringe intellectual of any third party and that it shall facilitate free electronic distribution of any releases of version upgrades or patches to us. FTIL has supplied the necessary software as per this agreement and we have paid the necessary consideration and have allotted 5,000,0000 equity shares of Rs 10 each to FTIL as per this agreement.

3. We have entered into a technical services agreement with FTIL on October 1, 2005 whereby FTIL had agreed to provide services in relation to upgradation and modification of software and maintenance of system for a period of one year, with an option to renew by mutual consent. In terms of an agreement dated October 10, 2006, we and FTIL renewed the technical services agreement for a period of one year with effect from October 1, 2006 with a 20% upward revision of charges. Either party had the right to terminate this agreement with ninety days written notice. The Company is required to pay a fee of Rs. 7,200,000 per month and Rs. 1,800,000 per month for upgradation and maintenance services respectively. We have paid this fee to FTIL.

The said agreement has been renewed as a comprehensive Agreement for IT infrastructure and software services with effect from October 1, 2007 for a period of 5 years. Under the renewed agreement, FTIL has agreed to provide services with respect to software modification, bug fixing, administration, etc. in addition to providing managed services with respect to Trading and Clearing Operations. The Company is required to pay a fixed fee of Rs. 10 million per month in addition to a variable fee of 10% of the gross transaction fee (net of any taxes charged thereon). The variable fee is subject to revision by mutual consent at the end of 33 months.

4. We entered into a software development agreement with FTIL on October 1, 2005 whereby FTIL has supplied computer software (i.e. risk management system and standard portfolio analysis of risk) and related services for a sum of Rs. 100,000,000 including one time training to our staff to enable us to use such software and their associated documentation and related services. This agreement is valid for a term of 20 years and will be automatically renewed thereafter for a further period of 20 years unless terminated earlier.

5. We have entered into a Services Agreement (SA) dated June 21, 2006 as amended by supplementary agreement dated April 2, 2007 and October 31, 2007 with FTIL which provides that FTIL shall provide us certain services inter-alia, enhanced version of the client side software and its support and maintenance services to our members for accessing the platform for trading purpose. As per the terms of the SA, FTIL shall grant a non-exclusive, non transferable license with limited usage right to us for distributing the license to our members for online trading within India. In addition to providing initial software for the same, upgrades to the previous version installed from time to time on payment of the agreed fees shall also be provided by FTIL. The SA is for a period of two years from April 1, 2006 and provides for automatic renewal for a further period of one year on mutually accepted terms and conditions. The SA provides that we shall not display, disclose or sublicense to third parties, and also shall not lease, loan, modify, adapt, translate, reverse engineer, disassemble or decompile the product or any portion thereof, or create derivative works of the product for any purposes. The intellectual property vests solely in FTIL and we or our members shall not acquire any title, right or interest.

6. We have entered into a software development agreement with FTIL on October 3, 2006 whereby

FTIL had agreed to provide customized software in respect of data warehousing applications. The software will enable "query data storage" and "query facilities" so as to provide reports in prescribed formats. This customized software includes computer programs or object codes containing executable or set up files or data files and an electronic software for on-line trading and matching consisting of server side application technologies as well as client side application software technologies. In terms of this software development agreement, the consideration paid by us to acquire the right to use the software is Rs. 20 million. This software development agreement is valid for a term of 20 years and there will be automatic renewal for a term of 20 years thereafter unless the software development agreement is terminated earlier. The customized software will be under a warranty period of one year from the date of implementation of the said customized software, after which period the parties have agreed to enter into an annual maintenance contract on mutually acceptable terms. FTIL has agreed to support or maintain mandatory changes to message-based or file-based interfaces as specified by the respective regulators, without additional charge to us. It is provided that any right, interest, property or benefit in the intellectual property in the said software vests solely and exclusively with FTIL. FTIL has warranted that the industrial or intellectual property used by and/or for the customized software does not infringe the industrial or intellectual property of any third party. FTIL has supplied the necessary software as per this agreement.

7. We have entered into another software development agreement with FTIL on October 3, 2006 whereby FTIL has agreed to provide customized software to enable trading by banks, foreign institutional investors and mutual funds on our electronic trading platform. This customized software includes computer programs or object codes containing executable or set up files or data files and an electronic software for on-line trading and matching consisting of server side application technologies as well as client side application software technologies. In terms of the software development agreement, the consideration paid by us to acquire the right to use the software is Rs. 45 million. The software development agreement is valid for a term of 20 years and there will be automatic renewal for a term of 20 years thereafter unless the software development agreement is terminated earlier. The customized software will be under a warranty period of one year from the date of implementation of the said customized software, after which period the parties have agreed to enter into an annual maintenance contract on mutually acceptable terms. FTIL has agreed to support or maintain mandatory changes to message-based or file-based interfaces as specified by the respective regulators, without additional charge to us. It is provided that any right, interest, property or benefit in the intellectual property in the said software vests solely and exclusively with FTIL. FTIL has warranted that the industrial or intellectual property used by and/or for the customized software does not infringe the industrial or intellectual property of any third party.

8. We have entered into an agreement with FTIL on March 12, 2007 whereby FTIL has developed software so as to enable multi-lingual support as well as install the same at our member trading workstations and member administrators for a sum of Rs 35 million. This agreement is valid for a term of twenty (20) years and will be automatically renewed thereafter for a further period of 20 years unless terminated earlier. Further, during the period of this Agreement, we cannot use any other software for the purpose of this agreement and if the need arises it may be availed of from a third party only upon the disability of FTIL to provide such software.

9. We have entered into a Managed Services agreement dated September 27, 2007 with FTIL with respect to provision of IT support services for Trading and Clearing Operations, Office Systems Management and Common Services for a period of 1 year with effect from April 1, 2007. This agreement has been partly modified to exclude Trading and Clearing Operations vide agreement for IT infrastructure support and software services dated October 31, 2007 with effect from October 1, 2007. As per the terms of the agreement, we are required to pay towards skill personnel deployed for the efforts on pre-decided man-month rates.

10. We have entered into a tripartite Agreement with FTIL and Indian Energy Exchange Limited (IEX) on July 17, 2007 whereby FTIL will provide IEX licensed software relating to market place technology deployment including application software, application deployment, application maintenance, training and documentation and market functional deliverables. As per this agreement, we shall assist IEX with preparing and finalizing operation frame works, accessing the market through the business development team, assist in the process of admission and registration

of the members on the exchange, creation of the necessary documents with members, stakeholders, banks, internet service providers, VSAT, leased lines, establishing a clearing and settlement system and to interact with various government agencies. IEX would make payments as decided between MCX and IEX. This amount would be decided on mutual agreements after considering the quantum of managerial services. This agreement shall be valid for a period of one year.

Agreement with our Promoter Group Companies

1. We have entered into an agreement with FT Knowledge Management Company Limited (FT KMC) on February 5, 2008 whereby MCX has transferred its training, consultancy and certification related activities to FT KMC. As per this agreement MCX has granted to FT KMC a non – exclusive, non- assignable and non- transferable right to establish and operate training activities including the right to approve third party "MCX Authorised Training Centres" under franchisee and licensing agreements as agreed between FT KMC and such third parties from time to time and to use the MCX brand, logo/ trade mark and related certification for conducting the course. This agreement shall be valid for a period of five years. The agreement also provides for FT KMC to pay 10% of the gross fees earned towards the courses where MCX brand/logo/ trademarks is used on a quarterly basis.

2. We have entered into an agreement with NBHC on March 12, 2007, which has further been amended vide agreement dated October 19, 2007, whereby NBHC has agreed to set up or hire and provide warehouses and related infrastructure at such locations at such as required by MCX to facilitate deliveries at those locations as per the contracts traded on the online trading platform of MCX. The agreement provides for compensation to NBHC since it would have to set up or hire and manage warehouses at certain financially non-viable locations to facilitate deliveries as required by MCX. A sum of Rs. 34.50 million is payable by MCX to NBHC during the financial year 2007-08

Share Subscription Agreement with Bennett, Coleman and Company Limited

The Company entered into a tripartite Share Subscription Agreement (SSA) with Bennett, Coleman and Company Limited ("BCCL") and FTIL on June 27, 2005 whereby BCCL subscribed to 756,825 Equity Shares of face value Rs 10 each at the price of Rs. 148.65 per Share amounting to an aggregate consideration of Rs. 112,502,036. Under the terms of the SSA, the Company and FTIL in its capacity as Promoter have jointly and severally given an undertaking that they shall use reasonable endeavours to cause an IPO of the Company within three years of the closing date as defined in the SSA. It is also provided that in the event that the Company issues any further Shares at any point of time prior to the completion of the IPO at a price lower than the price at which Shares are allotted to BCCL, then the Company shall offer such number of Shares forming part of the fresh offering to BCCL. Further the price at which such Shares are offered to BCCL should be determined in such manner so as to ensure that that the weighted average price of the shares acquired by BCCL under the SSA and the shares to be acquired pursuant to such fresh offering by BCCL shall be equal to the price paid for the Shares issued at the fresh offering by another person. The SSA provides that this right to BCCL shall not be available to BCCL in the event that a fresh offering of shares is made to certain persons as mentioned in the SSA up to such number of Shares as mentioned in the SSA. In addition, the Company may also issue up to 1,190,000 Equity Shares to up to five persons (not being FTIL) and BCCL shall not have the aforementioned rights in such cases. The Equity Shares acquired by BCCL are subject to lock in for a period of four years from the closing date or such period as determined by applicable law at the time of the IPO, whichever is earlier.

The SSA provides that in the event that the IPO of the Company is not completed within four years from the closing date as defined in the SSA, BCCL shall have the right to require FTIL to purchase all or some of the Equity Shares owned by BCCL. The price at which such sale shall have to be made should not be less than the price at which Shares were allotted to BCCL and a return of 12% per annum on the share allotment price compounded annually on the basis of a 365-day year. The right of BCCL is subject to the condition that the same shall be exercised at any time after the end of four years from the closing date up to such date when the Equity Shares of the Company are listed on a recognized stock exchange following the IPO.

The SSA provides that in the event that FTIL proposes to transfer its shareholding to any third party which is not an affiliate of FTIL, BCCL shall have a tag along right whereby FTIL cannot carry out this transaction unless such third party agrees to purchase such number of equity shares from BCCL determined at a pro rata basis at the same terms and conditions as offered to FTIL. In the event, that the third party refuses to purchase such number of Equity Shares from BCCL, FTIL shall be required to reduce the number of Shares offered by it such that the third party purchases a proportionate number of Equity Shares from BCCL. However, in the event that FTIL proposes to transfer such number of Shares such that the transfer would amount to FTIL transferring more than 1,900,000 Equity Shares, FTIL cannot carry out this sale unless the third party makes an offer to purchase whole of the shareholding of BCCL. BCCL, through its letter dated December 18, 2007, has granted its no objection to FTIL disposing Equity Shares as part of the Offer for Sale.

Further, if BCCL proposes to transfer part or whole of its shareholding through negotiated deals after the expiry of 48 months from the closing date or an IPO, whichever is earlier, it shall have to offer the same to FTIL at first instance. However, this right is not available to FTIL if BCCL proposes to carry out this transaction on the floor of a stock exchange.

The SSA may be terminated by either party in case the terms and conditions of the SSA are breached by way of a 14 days notice. The SSA is governed by Indian Law and all disputes are required to be resolved according to the provisions of the Indian Arbitration and Conciliation Act, 1996.

Advertising Agreement with Bennett, Coleman and Company Limited

The Company entered into an Advertising Agreement (AA) with Bennett, Coleman and Company Limited (BCCL) on June 27, 2005 whereby the Company agreed to advertise its products in newspapers, journals, magazines, books, TV and radio networks and websites of BCCL in accordance with BCCL's policies. Under the AA, the Company has committed to place advertisements of total value of Rs. 102.5 million (net of agency fees)in the print media and Rs. 10 million (net of agency fees) in the non-print media aggregating to a total advertising value of Rs. 112,500,000 over a period of three years commencing from June 1, 2005. Under the terms of the AA, the Company was required to pay this entire amount on or prior to the signing of the AA. The Company is not entitled to any refunds from such payment. Further, the rates at which such ads shall be offered shall be according to the extant BCCL rates at the time of issuing such ads. However, any rate revision done by BCCL shall be deferred for a period of three months in respect of ads issued by the Company.

Either party may terminate the AA in case of a breach by the other party unless such breach is cured or remedied by the other party within sixty days of the receipt of written notice of such breach or failure. The AA is governed by the laws of India and provides for dispute resolution by way of arbitration by a panel of three arbitrators under the Arbitration and Conciliation Act, 1996.

Share Subscription Agreement with Fidelity Funds-India Focus Funds (Fidelity)

The Company entered into a Share Subscription Agreement (Fidelity SSA) with Fidelity Funds-India Focus Funds (Fidelity) on January 26, 2006 whereby Fidelity subscribed to 3,600,000 Shares of the Company at a price of Rs. 600 per Share (Subscription Price). The face value of these Shares at the time of subscription was Rs. 10 each) amounting to an aggregate consideration of Rs. 2,160 million. Under the Fidelity SSA, it is provided that the Equity Shares subscribed to by Fidelity shall have the same voting rights as the other Equity Shares of the Company and shall not constitute a separate class.

Under the Fidelity SSA, Fidelity has been granted some rights during the period from the date of the SSA and the earlier of the completion of the proposed IPO of the Company or till Fidelity ceases to hold any shares of the Company (Special Rights Period). These rights include the following:

- the Company shall not issue any preference shares, warrants, rights, options, debentures, appreciation rights or instruments or any securities (excluding options pursuant to ESOS) which would have the effect of diluting Fidelity's investment in the Company. It is also provided in the Fidelity SSA that if the proposed IPO is not completed by March 31, 2008, the Company shall make efforts to arrange the sale of the Fidelity shares, either by way of a private negotiation or by way of an offer for sale by an investment/ merchant banker at a price not lower than the Subscription Price.

- the Fidelity SSA provides that at all time during the Special Rights Period, the Company shall keep

Fidelity informed about the process and progress of the proposed IPO and provide copies of documents filed with the SEBI and responses received. Further, the Company shall provide Fidelity with copies of any filings made by it or its subsidiaries with any securities exchange or any governmental authority. The Company has also agreed to grant Fidelity the right to inspect the facilities, records and books of the Company and its subsidiaries, as well as to discuss their operations and business with their respective Directors, employees, accountants, legal counsel and merchant bankers.

The Fidelity SSA also provides that Fidelity may invest in the equity of any company engaged in the same or similar business and may enter into collaborations, arrangement or agreements into any other company engaged in the same or similar business.

This Special Rights Period will expire on the completion of this Issue and Fidelity shall cease to have the rights enumerated herein.

Share Purchase Agreement with Merrill Lynch Holdings (Mauritius)

Financial Technologies (India) Limited entered into a Share Purchase Agreement (SPA) with Merrill Lynch Holding (Mauritius) ("ML") and Multi Commodity Exchange of India Limited on September 27, 2007 whereby ML purchased to 1,953,770 equity shares at the price of Rs. 1050 per share of Rs 10 each from FTIL amounting to an aggregate consideration of Rs. 2,051,458,500. These shares were later subdivided to Equity Shares of Rs. 5 each. The Company shall not issue any Equity shares (with the exception of the equity shares to be issued in connection with the proposed IPO, pursuant to the exercise of options outstanding under the ESOP scheme), preference shares or any rights, options, warrants, debentures, securities, appreciation rights or instruments entitling the holder to receive any equity shares or any options to purchase or rights to subscribe to securities, by their terms convertible into, or exchangeable for, equity shares or any other securities which would have an actual or potential dilutive effect on ML's shareholding in the Company. Except for the termination, the confidentiality clause, representations and warranties clause, this agreement shall stand terminated on the date of completion of the IPO by MCX. All disputes regarding this agreement shall be settled by arbitration, the seat of arbitration being Mumbai. ML acknowledges that it has entered into this agreement as a strategic investor and shall not acquire control and management of the company.

Share Purchase Agreement with Citigroup Strategic Holdings Mauritius Limited.

Financial Technologies (India) Limited entered into a Share Purchase Agreement (SPA) with Citigroup Strategic Holdings Mauritius Limited ("Citigroup") and Multi Commodity Exchange of India Limited on September 20, 2007 whereby Citigroup purchased to 1,953,770 equity shares of Rs 10 each at the price of Rs. 1050 per share from FTIL amounting to an aggregate consideration of Rs. 2,051,458,500. These shares were later subdivided to Equity Shares of Rs. 5 each. Under the terms of the SPA, till the earlier of (i) the completion of allotment of shares issued pursuant to the IPO of the Company; or (ii) the IPO date, (in the event that the allotment of shares issue pursuant to the IPO of the Company is not completed prior to the IPO date), Citigroup shall not be entitled to transfer and/or deal with any or all of the purchased shares, either directly or indirectly, to or for the benefit of, a person engaged in the business of operating commodities exchanges, in India or otherwise. The Company shall not without the prior written consent of Citigroup, issue any Equity shares (with the exception of the equity shares to be issued in connection with the proposed IPO, pursuant to the exercise of options outstanding under the ESOP scheme), preference shares or any rights, options, warrants, debentures, securities, appreciation rights or instruments entitling the holder to receive any equity shares or any options to purchase or rights to subscribe to securities, by their terms convertible into, or exchangeable for, equity shares or any other securities which would have an actual or potential dilutive effect on Citigroup shareholding in the Company. In the event that MCX IPO is not completed prior to October 30, 2008, Citigroup shall continue to hold the shares in its name and the Company shall, subject to receipt of any approvals which may be required, cause the representative of the purchaser: (a) to attend all meetings of the Board (b) receive notices in relation to convening or holding of any board meetings of the Company (c) to participate in discussions at such meetings, (d) receive true copies of all minutes (e) to have access to all information and papers of the Company to the same extent as is available to the Directors of the Company. In the event that the proposed IPO is not completed before October 30, 2008, the Company and FTIL shall use their best efforts to arrange a sale of the Purchase Shares no later than 3 months from October 30, 2008 to a buyer (s) acceptable to the purchaser, at a price not lower that the Purchase Price. Except for the termination, the confidentiality clause, representations and warranties clause, this agreement shall stand terminated on the date of completion of the IPO by the Company. All disputes regarding this agreement shall be settled by arbitration, the seat of arbitration being Mumbai. Citigroup acknowledges that it has entered into this agreement as a strategic investor and shall not acquire control and management of the company.

Share Purchase Agreement with New Vernon Private Equity Limited

Financial Technologies (India) Limited entered into a Share Purchase Agreement with New Vernon Private Equity Limited (NVPEL) and Multi Commodity Exchange of India Limited on November 7, 2007 whereby NVPEL purchased to 781,508 at the price of Rs. 577.50 per share from FTIL amounting to an aggregate consideration of Rs. 451,320,870. Under the terms of the SSA, if MCX issues any form of shares prior to its IPO (other than any shares or rights in shares of MCX arising from an employee share option scheme operated by MCX for the benefit of its employees) from time to time, that would ultimately have the effect of diluting NVPEL's holding of 1% of the fully diluted equity share capital of MCX at any time up to the IPO of the Company, NVEPL shall immediately be offered further Equity Shares in the Company by FTIL, sufficient to restore NVEPL's holding of the fully diluted Equity Share capital of the Company("Future Transaction"). The price for the Equity Shares offered to NVEPL under each such future transaction shall be the price at which such Shares are sold as part of each such future transaction as offered to the new purchaser(s) in such future transactions, all such Future Transaction being transactions after the date of execution of this agreement and prior to Company's IPO. The shares sold are not subject to any restriction or limitation on transfer, except the statutory lock-in that may apply upon the IPO in terms of the prevailing laws. Subject to such lock-in, the NVEPL is free to transfer the shares to any persons/entities except to those who are understood by the FTIL as competitors of the Company's in India or internationally.

This agreement shall stand terminated on the date of completion of the IPO by the Company. The termination, the confidentiality clause, representations and warranties clause shall survive for a period of one year from the date of completion of the Company's IPO.

Share Purchase Agreement with New Vernon Private Equity Limited

Multi Commodities Exchange of India Limited entered into a Share Purchase Agreement (SPA) with New Vernon Private Equity Limited (NVPEL) on November 7, 2007 whereby NVPEL purchased 100 class "B" ordinary shares of Dubai Gold and Commodities Exchange from the Company's at the price of US$ 62,500 per share amounting to an aggregate consideration of US $ 6,250,000. As on the date of filing of the DRHP, the transfer of shares is still pending.

Share Purchase Agreement with Alexandra Global Master Fund Limited

Multi Commodities Exchange of India Limited entered into a Share Purchase Agreement (SPA) with Alexandra Global Master Fund Limited ('Alexandra') on November 29, 2007 whereby Alexandra purchased 200 class "B" ordinary shares of Dubai Gold and Commodities Exchange from MCX at the price of US$ 62,500 per share amounting to an aggregate consideration of US $ 12,500,000. As on the date of filing of the DRHP, the transfer of shares is still pending.

Share Purchase Agreement with Passport India Investments (Mauritius) Limited

Multi Commodities Exchange of India Limited entered into a Share Purchase Agreement (SPA) with Passport Indian investments (Mauritius) Limited ('Passport') on September 21, 2007 whereby Passport purchased 200 class "B" ordinary shares of Dubai Gold and Commodities Exchange from MCX at the price of US$ 62,500 per share amounting to an aggregate consideration of US $ 12,500,000. The 200 class 'B' ordinary shares have been transferred by MCX to Passport Indian investments (Mauritius) Limited on January 28, 2008.

Share Purchase Agreement with ICICI Trusteeship Services Limited (ICICI Emerging Sectors Fund)

FTIL entered into a Share Purchase Agreement (SPA) with ICICI Trusteeship Services Limited (ICICI Emerging Sectors Fund) ("ITSL") and Multi Commodity Exchange of India Limited on November 11, 2007 whereby ITSL purchased 2,476,190 Equity Shares at the price of Rs. 525 per Equity Share from FTIL amounting to an aggregate consideration of Rs. 1300,000,000. Under the terms of the SPA, till the earlier of

(i) the completion of allotment of shares issued pursuant to the IPO of the Company; or (ii) the IPO date, (in the event that the allotment of shares issue pursuant to the IPO of the Company is not completed prior to the IPO date), ITSL shall not be entitled to transfer and/or deal with any or all of the purchased Shares, either directly or indirectly, to or for the benefit of, a person engaged in the business of operating commodities exchanges, in India or otherwise. The Company shall not without the prior written consent of ITSL, issue any Equity Shares (with the exception of the Equity Shares to be issued in connection with the proposed IPO, pursuant to the exercise of Stock Options outstanding under the ESOP scheme), preference shares or any rights, options, warrants, debentures, securities, appreciation rights or instruments entitling the holder to receive any equity shares or any options to purchase or rights to subscribe to securities, by their terms convertible into, or exchangeable for, Equity Shares or any other securities which would have an actual or potential dilutive effect on ITSL's shareholding in the Company. In the event that pursuant to a written consent of ITSL, the Company does issue an instrument to any person which has an actual dilutive effect on ITSL's shareholding, then ITSL shall immediately be offered further Equity Shares in the Company, sufficient to restore ITSL's holding of the fully diluted Equity Share capital at 3.17%. The price payable shall be at the lowest possible price payable by ITSL in accordance with and subject to applicable law. This agreement shall stand terminated on the date of completion of the IPO by the Company. The termination, the confidentiality clause, representations and warranties clause shall survive for a period of one year from the date of completion of the Company's IPO.

Share Purchase Agreement with ICICI Lombard General Insurance Company Limited

FTIL has entered into a Share Purchase Agreement (SPA) with ICICI Lombard General Insurance Company Limited ("Lombard") and Multi Commodity Exchange of India Limited on November 15, 2007 whereby Lombard purchased 296,000 Equity Shares at the price of Rs. 525 per Share from FTIL amounting to an aggregate consideration of Rs. 155,400,000. Under the terms of the SPA, till the earlier of (i) the completion of allotment of Shares issued pursuant to the IPO of the Company; or (ii) the IPO date, (in the event that the allotment of Shares issue pursuant to the IPO of the Company is not completed prior to the IPO date), Lombard shall not be entitled to transfer and/or deal with any or all of the purchased Equity Shares, either directly or indirectly, to or for the benefit of, a person engaged in the business of operating commodities exchanges, in India or otherwise. The Company shall not without the prior written consent of Lombard, issue any Equity Shares (with the exception of the Equity Shares to be issued in connection with the proposed IPO, pursuant to the exercise of Stock Options outstanding under the ESOP scheme), preference shares or any rights, options, warrants, debentures, securities, appreciation rights or instruments entitling the holder to receive any Equity Shares or any options to purchase or rights to subscribe to securities, by their terms convertible into, or exchangeable for, Equity Shares or any other securities which would have an actual or potential dilutive effect on Lombard's shareholding in the Company. In the event that pursuant to a written consent of Lombard, the Company does issue an instrument to any person which has an actual dilutive effect on Lombard's shareholding, then Lombard shall immediately be offered further Equity Shares in the Company sufficient to restore Lombard's holding of the fully diluted equity share capital at 0.38%. The price payable shall be at the lowest possible price payable by Lombard in accordance with and subject to applicable law. This agreement shall stand terminated on the date of completion of the IPO by the Company. The termination, the confidentiality clause, representations and warranties clause shall survive for a period of one year from the date of completion of the Company's IPO.

Share Purchase Agreement with Alexandra Mauritius Limited

The Company entered into a tripartite share purchase agreement (SPA) with Alexandra Mauritius Limited (AML) and FTIL on November 29, 2007 where AML purchased 781,508 Equity Shares at a price of Rs. 577.50 per Equity Share from FTIL amounting to an aggregate consideration of Rs. 451,320,870. The SPA will stand terminated once the 781,508 Equity Shares have been received by AML and the consideration for the same has been credited to FTIL's designated bank account. However the clauses regarding confidentiality, termination and lock in as well as the representation and warranties will survive for a period of one year from the date of completion of the Company's IPO.

The SPA is governed by Indian Law and all disputes are required to be resolved according to the provisions of the Indian Arbitration and Conciliation Act, 1996.

Share Purchase Agreement with IL&FS Trust Company Limited (SCB Asian Infrastructure Fund)

FTIL has entered into a Share Purchase Agreement (SPA) with IL&FS Trust Company Limited (SCB Asian Infrastructure Fund) ("IL&FS") and Multi Commodity Exchange of India Limited on November 12, 2007 whereby IL&FS purchased 3,907,540 Equity Shares at the price of Rs. 525 per Equity Share amounting to an aggregate consideration of Rs. 2051,458,500. Under the terms of the SPA, till the earlier of (i) the completion of allotment of Shares issued pursuant to the IPO of the Company; or (ii) the IPO date, (in the event that the allotment of Shares issue pursuant to the IPO of the Company is not completed prior to the IPO date), IL&FS shall not be entitled to transfer and/or deal with any or all of the purchased Shares, either directly or indirectly, to or for the benefit of, a person engaged in the business of operating commodities exchanges, in India or otherwise. The Company shall not without the prior written consent of IL&FS, issue any Equity Shares (with the exception of the Equity Shares to be issued in connection with the proposed IPO, pursuant to the exercise of Stock Options outstanding under the ESOP scheme), preference shares or any rights, options, warrants, debentures, securities, appreciation rights or instruments entitling the holder to receive any Equity Shares or any options to purchase or rights to subscribe to securities, by their terms convertible into, or exchangeable for, Equity Shares or any other securities which would have an actual or potential dilutive effect on IL&FS shareholding in the Company. In the event that pursuant to a written consent of IL&FS, the Company does issue an instrument to any person which has an actual dilutive effect on IL&FS shareholding, then IL&FS shall immediately be offered further Equity Shares in the Company sufficient to restore IL&FS holding of the fully diluted equity share capital at 5%. The price payable shall be at the lowest possible price payable by IL&FS in accordance with and subject to applicable law.

Term Sheet with NYSE Euronext N.V

FTIL and the Company entered into a binding Term Sheet with NYSE Euronext N.V. ("NYSE Euronext") on February 15, 2008 ("Term Sheet") under which NYSE Euronext, subject to receiving appropriate regulatory approvals, has agreed to acquire 3,907,540 Equity Shares of Face Value Rs. 5 each representing 5% of the pre-issue shareholding of the Company ("Sale Shares") from FTIL solely or certain other existing shareholders identified by FTIL (collectively "Sellers") for an aggregate consideration of USD 55 Million ("Purchase Consideration"). NYSE Euronext has acknowledged that it is undertaking the sale transaction as a strategic investor and shall not acquire control of the Company.

NYSE Euronext, the Company and the Sellers are required to execute a share purchase agreement(s) within ten business days of the execution of the Term Sheet and such an agreement(s) will contain representations and warranties from the Company and the Sellers which are customary in a transaction of such nature. The Term Sheet is governed by Indian law and any disputes in respect of the Term Sheet shall be settled by arbitration in Singapore.

Under the terms of the Term Sheet, up to the date of completion of an IPO, Company shall not without the prior written consent of NYSE Euronext, issue any equity shares or any other equity linked securities which would have an actual or potential dilutive effect on the shareholding of NYSE Euronext in the Company ("Further Issuance"). The only exception to seeking the prior permission of NYSE Euronext for a Further Issuance is in respect of the Company issuing equity shares in connection with an initial public offering of the Company and pursuant to the exercise of options outstanding under the 2006 and proposed 2008 employee stock option schemes of the Company 2006 and 2008) (collectively "Exempted Issuance"). NYSE Euronext has been granted certain anti-dilution rights by the Company and FTIL, including an ability to subscribe to additional equity shares of the Company in the event of a Further Issuance which does not qualify as an Exempted Issuance. Pursuant to the exercise of the anti-dilution rights by NYSE Euronext, the price payable by NYSE Euronext for any additional equity shares shall be at the lowest price payable by NYSE Euronext under applicable law.

OUR MANAGEMENT

As per our Articles, the Board of Directors shall consist of not more than 18 (Eighteen) directors inclusive of 4 Government of India / FMC nominees and nominee director in public interest. The following table sets forth details regarding our Board of Directors as of the date of filing the Draft Red Herring Prospectus with SEBI:

Board of Directors

Sr. No.	Name, Designation, Father's Name, Residential Address, Occupation and DIN	Age (years)	Date of Appointment and Term	Other Directorships
1.	**Venkat R. Chary** **Non Executive Chairman** **Independent** S/o Late G.R. Gopal Flat 5, Third Floor, Tahiti, Juhu Versova Link Road, Near Four Bungalows, Andheri (West), Mumbai 400 053 *Advocate* DIN No: 00273036	67	September 6, 2003 (Liable to retire by rotation)	1. Indian Energy Exchange Limited 2. Jamnalal Bajaj Foundation (Honorary Director)
2.	**Jignesh P. Shah** **Managing Director & CEO** S/o Prakash Shah B-6/202, Kamala Nagar, MG Road, Kandivali (West), Mumbai *Industrialist* DIN No: 00064913	40	May 8, 2003 (Appointed as Managing Director w.e.f. 1st August, 2003 for a period of 5 years)	1. Financial Technologies (India) Limited 2. National Bulk Handling Corporation Limited 3. National Spot Exchange Limited 4. La Fin Financial Services Private Limited 5. IBS Forex Limited 6. Tickerplant Infovending Limited 7. Atom Technologies Limited 8. Riskraft Consulting Limited 9. Dubai Gold and Commodity Exchange 10. Financial Technologies Middle East DMCC 11. Financial Technologies Middle East FZ- LLC 12. Safal National Exchange of India Limited 13. Singapore Mercantile Exchange Pte. Limited 14. Singapore Mercantile Exchange Clearing Corporation Pte. Limited 15. Global Payment Networks Limited

Sr. No.	Name, Designation, Father's Name, Residential Address, Occupation and DIN	Age (years)	Date of Appointment and Term	Other Directorships
				16. Financial Technologies Communications Limited. 17. Global Board of Trade Limited, Mauritius 18. Indian Energy Exchange Limited 19. FT Knowledge Management Company Limited
3.	**Lambertus (Lamon) Rutten** **Joint Managing Director** S/o Henricus Rutten Flat No. 1002 10th Floor "Gods Gift Tower" Co-operative Housing Society Limited Yari Road, Andheri (West) Mumbai 400 061 *Service* DIN No: 00384169	44	June 15, 2006 (Appointed as Joint Managing Director for a period of three years w.e.f. June 15, 2006)	None
4.	**Joseph Massey** **Deputy Managing Director** S/o Daniel Massey 702, C Wing, Trans Residency, MIDC, SEEPZ, Off Mahakali Caves Road, Andheri East, Mumbai 400 093 *Service* DIN No: 00043586	45	May 8, 2006 (Re- appointed as Deputy Managing Director w.e.f. May 8, 2006 for a further period of three years)	1. National Spot Exchange Limited 2. Dubai Gold and Commodity Exchange 3. Safal National Exchange of India Limited. 4. Singapore Mercantile Exchange Pte. Limited. 5. Singapore Mercantile Exchange Clearing Corporation Pte. Limited. 6. Indian Energy Exchange Limited 7. FT Knowledge Management Company Limited
5.	**V. Hariharan** **Non Executive Director** S/o Vaidyaligam Sharma Plot no 104, Tower B, Flat 502 Dosti Elite, Next to Sion Telephone Exchange, Sion (E), Mumbai 400 022 *Service*	48	April 19, 2002 (Liable to retire by rotation)	1. National Spot Exchange Limited 2. National Bulk Handling Corporation Limited 3. IBS Forex Limited 4. Financial Technologies Middle East DMCC 5. e-Logistics Private Limited 6. Financial Technologies Middle East FZ- LLC

Sr. No.	Name, Designation, Father's Name, Residential Address, Occupation and DIN	Age (years)	Date of Appointment and Term	Other Directorships
	DIN No: 00064867			7. Singapore Mercantile Exchange Pte. Limited 8. Singapore Mercantile Exchange Clearing Corporation Pte. Limited. 9. Global Payment Networks Limited 10. Financial Technologies Communications Limited 11. Global Board of Trade 12. Indian Energy Exchange Limited 13. FT Knowledge Management Company Limited. 14. Indian Bullion Market Association Limited. 15. Safal National Exchange of India
6.	**Dr. S. Narayan** **Independent Director** S/o Lieutenant Subbaraman K.N 8, Golf Apartments, Sujan Singh Park, New Delhi 110003 *Retd IAS Officer* DIN No:00094081	64	July 1, 2005 (Liable to retire by rotation)	1. 1. Apollo Tyres Limited 2. 2. Dabur India Limited 3. 3. Athena Ventures (Proprietor) 4. 4. Artemis Medicare Limited
7.	**Bharat Tripathi** **Independent Director** S/o Jagdish Nath Tripathi B-10, Hyderabad Estate, Napean Sea Road, Mumbai 400 006 *IRS Officer* Nominee of FMC DIN No: 00307501	43	September 27, 2005 (Appointed for such term as decided by FMC. Present appointment is up to March 31, 2008.)	None
8.	**Dr. Urjit R. Patel** **Independent Director** S/o Ravindra Patel B-1/3F , Harbour Heights, N. A. Sawant Marg, Colaba, Mumbai	44	June 17, 2005 (Liable to retire by rotation)	1. Gujarat State Petroleum Corporation Limited

Sr. No.	Name, Designation, Father's Name, Residential Address, Occupation and DIN	Age (years)	Date of Appointment and Term	Other Directorships
	Service DIN No:00175210			
9.	**P. G. Kakodkar** **Non Executive Director** **S/o Ghanshyam P. Kakodkar** 6, Palm Grove, Behind Hotel Goa International, Tonca, Panaji, Goa 403 003 *Retired Bank Chairman* Nominee of FTIL DIN No: 00027669	78	September 29, 2003 (Liable to retire by rotation)	1. Goa Carbon Limited 2. Sesa Industries Limited 3. Fomento Resorts & Hotels Limited 4. Centrum Finance Limited 5. Sesa Goa Limited 6. Uttam Galva Steel Limited 7. Financial Technologies (India) Limited 8. IBS Forex Limited 9. SBI Funds Management (P) Limited 10. Auditime Information Systems Limited
10.	**C.M. Maniar** **Independent Director** S/o Manbhai Balubhai Maniar Garden House, First Floor, Dadyseth, Second Cross Lane, Chowpathy Bandstand, Mumbai 40007 *Advocate* DIN No: 00034121	72	September 29, 2003 (Liable to retire by rotation)	1. Akzo Nobel Coatings India Private Limited 2. Amsar Private Limited. 3. Chemtex Engineering Of India Limited 4. Foods & Inns Limited. 5. Godfrey Phillips India Limited 6. Gujarat Ambuja Exports Limited. 7. HGC Foundation Private Limited 8. Hindalco Industries Limited 9. Indo – Euro Investment Company Limited. 10. Indian Card Clothing Company Limited. 11. Machine Tools (India) Limited 12. MAS Consulting Group Private Limited 13. Northpoint Centre Of Learning Private Limited 14. Pioneer Investcorp Limited 15. Sudal Industries Limited 16. Twenty –First Century Printers Limited 17. Varun Shipping Company Limited 18. Vadilal Industries Limited

Sr. No.	Name, Designation, Father's Name, Residential Address, Occupation and DIN	Age (years)	Date of Appointment and Term	Other Directorships
11.	**Shvetal S. Vakil** **Independent Director** S/o Shatrughan R.Vakil 17, No 3 Darya Mahal, 80 Napean Sea Road, Mumbai 400 006 *Service* DIN No: 00140956	56	October 3, 2003 (Liable to retire by rotation)	1. The Solvent Extractors' Association of India, member, Managing Committee.
12.	**Ashish S. Dalal** **Non Executive Director** S/o Sharad Ramnik Lal Dalal Pallav, First Floor, Near Lalubhai Park, Andheri (West), Mumbai 400058 *Chartered Accountant* Nominee of FTIL DIN No:00024632	49	June 17, 2005 (Liable to retire by rotation)	1. Financial Technologies (India) Limited 2. Akzo Nobel Chemicals (India) Limited 3. ICICI Investment Management Company Limited 4. Wyeth Limited 5. Senior Partner, Dalal & Shah, Chartered Accountants, Mumbai 6. Senior Partner, Dalal & Shah, Chartered Accountants, Ahmedabad 7. Peppercorn Advisory Private Limited
13.	**C. Subramaniam** **Non Executive Director** S/o P. Chandrashekar 302, Everest Residency, Park Road, Vile Parle (East), Mumbai 400057 *Business* Nominee of FTIL DIN No:00107361	50	January 4, 2005 (Liable to retire by rotation)	1. National Bulk Handling Corporation Limited 2. Financial Technologies (India) Limited 3. Compuage Infocom (India) Limited 4. Ticker plant Infovending Limited 5. ATOM Technologies Limited 6. Riskraft Consulting Limited. 7. Grand Slam Investments Private Limited 8. Leadsoft Solutions Private Limited
14.	**Anup Banerji** **Non- Executive Director** **S/o** Durga Das Banerji C-9, Kinellan 100A, Nepean Sea Road, Malabar Hill,	57	September 19, 2007	NIL

Sr. No.	Name, Designation, Father's Name, Residential Address, Occupation and DIN	Age (years)	Date of Appointment and Term	Other Directorships
	Mumbai 400 006 Dy. Managing Director & Group Executive State Bank of India. Nominee of State Bank of India DIN No: 01863598			
15.	**Dr. R. Balakrishnan** **Non Executive Director** S/o Rajaraman Krishnaswamy A-5, Krishi Vikas Sadan, V S Marg, Mumbai 400028 *Executive Director NABARD* Nominee of NABARD DIN No: 00135149	59	July 20, 2006 (Appointed as a Nominee Director of NABARD)	1. Agri Development Finance (Tamilnadu) Limited 2. NABARD Consultancy Services Private Limited
16.	**Dr. Prakash Apte** **Independent Director** S/o Ramakrishna Gajanan Apte 415, IIMB Campus Quarters, Bannerghatta Road, Bangalore 560076 Professor IIM, Bangalore Nominee of FMC DIN No: 00045798	60	September 22, 2007 (Appointed by FMC till March 31, 2009)	1. Bharat Earth Movers Limited 2. UTI Trustee Company Private Limited 3. GMR Infrastructure Limited 4. Power Finance Corporation Limited 5. Hindustan Petroleum Corporation Limited 6. NSDL
17.	**Asha Das** **Independent Director** D/o T N Bahel D297, Sarvodaya Enclave New Delhi 110017 *Retired IAS Officer* Nominee of FMC DIN No:01835370	66	September 22, 2007 (Appointed by FMC till March 31, 2009)	NIL
18.	**Dr. Ajit Ranade** **Independent Director** S/o Keshav Ranade	46	September 22, 2007 Appointed by	1. Hindalco Almex Aerospace Limited

Sr. No.	Name, Designation, Father's Name, Residential Address, Occupation and DIN	Age (years)	Date of Appointment and Term	Other Directorships
	113, Lily Court, Kum JTS Marg, Mumbai 400020 Chief Economist Nominee of FMC DIN No: 00918651		FMC till March 31, 2009	

1. Mr. Jignesh Shah the managing director and CEO of the Company is also the chairman and managing director of FTIL

2. Mr. V Hariharan, Director of the Company is also the director – strategy (non board member) of FTIL

3. Mr. C Subramaniam Director is also an independent director of FTIL

4. Mr. Ashish Dalal is also an independent director of FTIL.

5. Mr. P G Kakodkar is also an independent director of FTIL.

Venkat R Chary, Chairman, Mr. Venkat Chary is the Non Executive Chairman of the Board of Directors of the Company. He is a former Chairman of the FMC, Government of India. He was also a member of the Maharashtra Electricity Regulatory Commission of Mumbai and held the positions of Additional Chief Secretary, Principal Secretary and Secretary, in various departments of the Central and State Government. His academic qualifications include Masters in Commerce, Bachelors Degree in Law, and a post-graduate diploma in Economics and Finance from the Institut International d'Administration Publique, Paris, France. Mr. Chary practices law at the Bombay High Court and was the legal consultant for one of the companies in the Shriram Group. He has been a Director of the Company since September 2003.

Jignesh Shah, Managing Director and Chief Executive Officer**,** Mr. Jignesh Shah is a first-generation entrepreneur and the founder / promoter of the Financial Technologies Group of Companies. Before founding Financial Technologies, Mr. Shah was with The Bombay Stock Exchange Limited, for four years, where he was responsible for designing and implementing the exchange's technology platform. He holds a Bachelor of Engineering Degree from Mumbai University and has received specialised training in Money and Capital Markets as well as Futures and Options Trading at the New York Institute of Finance. Mr. Shah has been a Director of Multi Commodity Exchange of India Limited since May 2003.

Lambertus (Lamon) Rutten, Joint Managing Director**,** Mr. Rutten holds a Masters Degree, with Honours, in International Economic Management from Tilburg University, The Netherlands. He is a member of the Board of Advisors of the International Investment Group LLC, a hedge fund specializing in trade finance. He earlier held the position of Chief - Finance, Risk Management and Information in the Commodities Branch of the United Nations Conference on Trade and Development (UNCTAD), Geneva. He has more than 20 years of experience in commodity risk management and structured finance as well as on commodity price risk management.

Joseph Massey, Deputy Managing Director**,** Mr. Joseph Massey joined the company as Deputy Managing Director in May 2003. He holds a Masters Degree in Economics from Osmania University and a Masters degree in Financial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has attended training programs on Capital Market Regulations at the International Law Institute, Washington, DC, and on Derivatives Instruments at the New York Institute of Finance. He has over 18 years of experience with organizations like Life Insurance Corporation of India, Reserve Bank of India, Stock Holding Corporation of India, and the Vadodara Stock Exchange. He was earlier the Managing Director at Interconnected Stock Exchange of India, a collaboration of 15 regional stock exchanges creating a unified national market system.

V. Hariharan, Director**,** Mr. V Hariharan is a Director of the Company since inception. He holds a Masters degree in Statistics and Mathematics from Kerala Agricultural University. He holds a university gold medal. He has over 18 years of experience in analysis, coding, implementing and maintaining brokerage and exchange-related mainframe transaction technologies. He has previously worked with companies like the National Stock Exchange of India Limited, and The Bombay Stock Exchange and has also been associated with the Indian Institute of Management, Ahmedabad.

Dr. S. Narayan, Director**,** Dr. Narayan is a Director of the Company July 2005. He has experience of over 40 years in public service in various capacities in both State and Central Governments, in development administration. During the period 2003-2004, Dr. Narayan was an Economic Adviser to the Prime Minister of India and was responsible for implementing economic policies of over 30 Ministries. Dr. Narayan holds a Masters Degree in Physics, an MBA from the University of Adelaide, South Australia, M. Phil. from the University of Cambridge, and Ph.D. from the Indian Institute of Technology. His other Directorships include Apollo Tyres Limited, Dabur India Limited, etc.

Bharat Tripathi, Director**,** Mr. Bharat Tripathi is a Director of the Company since September 2005. He is a nominee director of the FMC. He holds a Masters equivalent diploma in International Taxation from the Harvard Law School and a Masters Degree in Public Administration from the Kennedy School of Government, US. He is an Indian Revenue Services Officer of the 1988 batch. Mr. Tripathi has over 17 years of experience in taxation, accounts, finance and administration. He has previously worked with the Enforcement Directorate at Mumbai and the Ministry of Finance, Government of India.

Dr. Urjit R. Patel, Director, Dr. Urjit Patel is a Director of the Company since June 2005. He holds a Doctorate in Economics from Yale University, and is a graduate from the University of London and Oxford. He is a former executive director of Infrastructure Development Finance Company Limited ("IDFC") and has been with IDFC since its inception in 1997. He was also a Consultant to the Ministry of Finance, Government of India (1998-2001). He had worked for the International Monetary Fund. Dr. Patel also served the Reserve Bank of India on deputation from the Ministry of Economic Affairs and is also a Director of Gujarat Petroleum Limited.

P G Kakodkar, Non Executive Director of the Company. Mr. Kakodkar is a former Chairman of the State Bank of India. He has vast experience of over 40 years in Banking including International Banking, Finance and Administration. Mr. Kakodkar holds a Masters Degree in Economics. He has been associated with various financial institutions and banks including the State Bank of Hyderabad, State Bank of Mysore and the NABARD. His other Directorships include Goa Carbon Limited, Sesa Industries Limited, Fomento Resorts and Hotels Limited, Centrum Finance Limited, Sesa Goa Limited and Uttam Galva Steel Limited.

C. M. Maniar, Director, Mr. C.M. Maniar is a Director of the Company since September 2003. He is a senior partner of the law firm Crawford Bayley & Co. Mr. Maniar holds a Bachelor's Degree in Commerce, Masters Degree in Economics and Political Science, and a Bachelors Degree in law. He has over four decades of experience in law as an advocate and solicitor, and specializes in corporate and commercial law as well as intellectual and industrial property law. Mr. Maniar is a director on the Board of many reputed companies. Presently, his other directorships include Godfrey Phillips India Limited, Gujarat Ambuja Exports Limited, Hindalco Industries Limited, Varun Shipping Company Limited and Vadilal Industries Limited.

Shvetal S. Vakil, Director, Mr. Shvetal Vakil is a Director of the Company since October 2003.He holds a Bachelors Degree in Commerce and has worked with Hindustan Lever Limited, Forbes Forbes Campbell & Co Limited, and Bungle India Private Limited in various senior capacities. Presently, Mr. Vakil is the chief operating officer of Setco Automotive Limited. He has also been a visiting faculty member at Indian Institute of Management, Ahmedabad, the Sydenham Institute of Management, Mumbai, and Symbiosis College, Pune.

Ashish S. Dalal, Director, Mr. Ashish S. Dalal is a Director of the Company since April 2005. He holds a Bachelors Degree in Commerce and is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Dalal is a partner in Dalal & Shah, a reputed firm of Chartered Accountants. His areas of expertise include corporate accounting, finance and audit, business evaluations, mergers, acquisitions and strategic alliances, and other fields of corporate consultancy. His other directorships include FTIL, Akzo Nobel

Chemicals (India) Limited, and ICICI Investment Management Company Limited.

C. Subramaniam, Director, Mr. C. Subramaniam is a Director of the Company since January 2005. He is a first-generation entrepreneur and has over 25 years of domain experience in all aspects of corporate management including finance, technology, administration, corporate restructuring, merchant banking, and marketing. Mr. Subramaniam holds a Master Degree in Commerce. He also holds professional qualifications in management and cost accountancy. Mr. Subramaniam's other directorships include Financial Technologies (India) Limited, National Bulk Handling Corporation Limited, Compuage Infocom Limited and Atom Technologies Limited.

Dr. Anup Banerji, Director is currently deputy managing director and group executive (rural and agri business) of State Bank of India and is the nominee Director of State Bank of India. Mr. Banerji joined the State Bank of India as a probationary officer in 1973. He established the SBI's representative office at Ho Chi Minh City in Vietnam. He was also deputed by SBI to a State Government PSU to assist them in their project finance activities. He is currently in charge of SBI's Rural Business structure and strategy.

Dr. R. Balakrishnan, Director, Dr. R. Balakrishnan was appointed as a Director in July 2006. He is the nominee Director of NABARD. . He holds a Ph.d. and Master's degree in Public Administration. He is the Executive Director of NABARD and has served the RBI for more than 10 years. He has experience in project planning, monitoring, and financial analysis. He has also presided over the meeting of the International Committee on Rural Industrialisation held in Tel Aviv, Israel.

Dr. Prakash G Apte, Director, Dr Prakash G Apte is the nominee Director of FMC and was the Director, Indian Institute of Management, Bangalore and Professor of Economics and Finance. Dr. Apte holds is a B. Tech in Mechanical Engineering from IIT Bombay, PGDM from the Indian Institute of Management, Calcutta and holds a Ph.D in Economics from Columbia University. He has rich and extensive experience in industry, consulting and teaching. As Mr Apte has contributed to the executive development programmes in the Indian Institute of management, Bangalore on International finance, general macroeconomics analysis, demand forecasting, etc. Dr. Apte has published referred journal articles and presented papers at conferences. Dr. Apte is a member of boards of directors of BEML, Power Finance Corporation, DICGC (a subsidiary of RBI), GMR Infrastructure, NSDL and HPCL.

Asha Das, Director, Mrs. Asha Das is the nominee Director of FMC. She has been a senior civil service executive with over 37 years of leadership experience with the Indian Administrative Service. Mrs. Das has top level expertise in social welfare and human development sectors, national and international policy formulation. She has extensive experience in joint sector program development and implementation, budgeting and planning, funding of non-governmental initiatives, and management of national and state field-level organizations. She also has representation experience at the Executive Committee level with the United Nations and other multilateral agencies. Mrs. Das is an IAS Officer from the Madhya Pradesh cadre. Mrs. Das holds a Master Degree in History. She also completed the coursework for the MS Degree in Rural Sociology from the Wisconsin University and also holds a Diploma in Advanced Studies in Development Administration from the University of Manchester, UK.

Dr. Ajit Ranade, Director, Dr. Ajit Ranade is the nominee Director of FMC. He is based in Mumbai and is the president and chief economist at the Aditya Birla Group. He is also director on the Board of Hindalco Almex Aerospace Limited, a joint venture company of Hindalco and Almex Inc. of USA. His professional career has spanned academic and corporate assignments, including teaching in universities in India and U.S., and as chief economist at ABN AMRO Bank. He has served on various committees of the Reserve Bank of India, most recently in the committee for Fuller Capital Account Convertibility. He is a member of the Board of India Today Economists, chairman of the CII West Zone Sub Committee on Economic Affairs and the Research Advisory Panel of the Indian Institute of Banking and Finance. He is also a member of the Senate and Advisory Council of Indian Institute of Technology, Bombay. Dr. Ranade is a B.Tech in Electrical Engineering from IIT Bombay, a PGDM from IIM Ahmedabad and holds a M.A. and PhD in Economics from Brown University, U.S.A.

Remuneration of our Whole Time Directors

The members of the Company have at its Fifth Annual General Meeting held on September 1, 2007 approved the payment of remuneration in the form of commission to Mr. Jignesh Shah for the residual unexpired period of his current term of appointment, that is, up to July 31, 2008. The Company shall ensure that the commission payable shall be computed after ascertaining the total amount paid as remuneration by FTIL and in a manner that the remuneration drawn from both the companies is within the limits prescribed under section 198 and 309, read with schedule XIII of the Companies Act, 1956 and computed in the manner laid down in Section 349 and 350 of the Companies Act, 1956. No remuneration was paid to Mr. Jignesh Shah for the financial year 2007.

Mr. Lambertus (Lamon) Rutten was appointed as our Joint Managing Director for a term of three years with effect from June 15, 2006. The terms of Mr. Rutten's appointment have been approved by the Ministry of Corporate Affairs. The details of remuneration/ perquisites payable to him are as follow:

Salary:	Rs. 880,000 per month
Housing Allowance	Rs. 220,000 per month
Other perquisites	Home leave travel allowance for self and family once in two years, two chauffeur driven cars and two months salary as sign up bonus
Departure bonus	One month salary for each completed year of service

Mr. Joseph Massey was appointed as our Deputy Managing Director for a term of three years with effect from May 8, 2003. Mr. Massey was re-appointed as the Deputy Managing Director for a further term of three years commencing from May 8, 2006 at the Company's Fourth Annual General Meeting held on June 10, 2006. The terms of Mr. Joseph Massey's appointment were partially modified and approved by the members of the Company's Fifth Annual General Meeting held on September 1, 2007.

Mr. Massey is entitled to an annual remuneration of up to Rs. 7.20 million (including salary, allowances and reimbursements). In addition to the above Mr. Massey is also entitled to performance bonus up to Rs. 2.8 million per annum based on his performance and the recommendation and sole discretion of the Managing Director and CEO. Mr. Massey is also entitled to a company car and telephone for official use, and insurance and other benefits, amenity, privilege provided generally by Company to its staff. Mr. Massey was granted 10,000 options under ESOS (Since the Company has sub-divided its equity shares from the nominal value of Rs. 10/- each to Rs. 5/- each on September 1, 2007, the ESOS also stands adjusted). Mr. Massey has exercised 20% of the ESOS as per the ESOS of the Company and holds 2,000 Equity Shares (After the subdivision of the Equity Shares this stand adjusted to 4,000 Equity Shares of the nominal value of Rs. 5/- each)

Mr. Massey was paid a performance bonus of Rs 1.58 million based on business development, management of exchange operations and overall contribution towards the growth of the Company for the year 2007.

The remuneration payable to Jignesh Shah, Lambertus (Lamon) Rutten and Joseph Massey and shall not exceed the limits laid down in Section 198, 269 and 309 of the Companies Act or any statutory modification thereof.

The appointment of Mr. Lambertus Rutten, Joint Managing Director is for a period of three years w.e.f. June 15, 2006 and appointment of Mr. Massey, Deputy Managing Director, is for a period of three years w.e.f. May 8, 2006. Notice period of three months is required in case of Mr. Rutten and six months in case of Mr. Massey as per the their terms of appointment. No fee/compensation is payable to the Directors on severance of Directorship of the Company.

Payment or benefit to directors/ officers of our Company

The following sitting fees / other remuneration paid to the Directors for the last two fiscal years.

1) Remuneration to Executive Directors:

The aggregate value of salary, perquisites paid for the last two fiscal years to the Joint Managing Director and to the Deputy Managing Director are as below. Since our Joint Managing Director was appointed on June 15, 2006 the details for only one year are provided in his case.

(Amount in Rs.)

Particulars	Mr. Lambertus Rutten (Joint Managing Director) Period April 2006 till March 2007	Mr. Joseph Massey (Deputy Managing Director) Period April 2005 till March 2006	Mr. Joseph Massey (Deputy Managing Director) Period April 2006 till March 2007
Fixed Component :			
Salary and allowances*	13,817,632	1,720,500	3,049,790
Monetary value of perquisites	130,662	32,146	70,402
Provision for leave encashment*	531,667		190,317
Provision in consideration of retirement from office	873,973		-
Variable Component :			
Performance Bonus	-		1,580,000
Total	**15,353,934**	**1,752,646**	**4,890,509**
Employee Stock Options granted	-		10,000

* Excluding gratuity and long term leave encashment which are actuarially valued and where separate amounts are not identifiable.

Notes:

1) Presently, Mr. Jignesh Shah, Managing Director and CEO of the Company does not draw any remuneration from the Company.

2) Each Stock Option entitles the holder to exercise the right to apply for and seek allotment of one Equity Share at a price of Rs. 14 per Equity Share. In terms of the ESOS, contractual period is of four years from the date of grant of the Stock Options, i.e. January 16, 2006. 20 percent of the Stock Options would be vested after a period of twelve months from the date of grant of Stock Options, 30 percent of the Stock Options would be vested after a period of twenty four months from the date of grant of Stock Options and the remaining 50 percent of the Stock Options would be vested after a period of thirty six months from the date of grant of Stock Options. The exercise period of the Stock Options is one year from the date of vesting.

3) We will seek the approval of the shareholders at our Extra Ordinary General Body Meeting which is proposed to be held on February 27, 2008 to cause the third tranch of options to vest after a period of 26 months from the date of grant of the options i.e. March 15, 2008.

4) Appointment of Mr. Lambertus Rutten, Joint Managing Director is for a period of three years w.e.f. June 15, 2006 and appointment of Mr. Joseph Massey, Deputy Managing Director, is for a period of three years w.e.f. May 8, 2006. Notice period of three months is required in case of Mr. Lambertus Rutten and six months in case of Mr. Joseph Massey as per the their terms of appointment. No fee/compensation is payable to the Directors on severance of directorship of the Company.

2) Remuneration to Non Executive Directors:

1. The Company pays sitting fees of Rs.4,000 per meeting to its non executive Directors for attending the meetings of the Board. The Company has paid sitting fees of Rs. 128,000 (previous year Rs. 120,000) to its non executive directors for the financial year ended March 31, 2007

Name of the Director	Sitting Fees for the financial year 2005-06	Sitting Fees for the financial year 2006-07 (Rs.)
Venkat Chary	16,000	12,000
C. Subramaniam	16,000	16,000
Ashish Dalal	8,000	16,000
C. M. Maniar	12,000	12,000
Shvetal Vakil	12,000	8,000
Sandeep Bajoria	8,000	8,000
P G Kakodkar	-	4,000
Dr. Urjit Patel	12,000	16,000
Dr. R. Balakrishnan	-	12,000
A. Mahendran	4,000	8,000
Dr. S. Narayan	8,000	Nil
Dr. M Pavaskar	16,000	12,000*
P Satish	8,000	4,000

* Dr. M. Pavaskar, has ceased to be our Director from September 21, 2007

Except as stated in this section titled "Our Management" of this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees.

Our Directors have also been granted Stock Options under ESOS. For more details see the section titled, "Capital Structure- Note 8 to Capital Structure" on page 29 of this Draft Red Herring Prospectus.

Corporate Governance

We have a broad-based Board of Directors, constituted in compliance with the Companies Act and listing agreements with the Stock Exchanges. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

As on the date of filing this Draft Red Herring Prospectus, there are 18 directors on our Board. The Chairman of the Board is a non executive director. There are three Executive Directors, six Non Executive Directors and nine Independent Directors. There are four nominee directors who represent the FMC, three nominee directors who represent our Promoter, one nominee director representing NABARD and one nominee director representing SBI.

Committees of the Board

Our Board functions through the following committees:

Audit Committee

The members of the Audit Committee are:

- Venkat Chary (Independent Director);
- C. M.Maniar (Independent Director); and
- Ashish S Dalal, (Non- Executive Director)

The Audit Committee was initially constituted on July 3, 2004 and was reconstituted by the Board of Directors on September 22, 2007 and January 19, 2008 respectively. The broad terms of reference/responsibility are as follows:

1. Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

    - Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956

    - Changes, if any, in accounting policies and practices and reasons for the same

    - Major accounting entries involving estimates based on the exercise of judgment by management

    - Significant adjustments made in the financial statements arising out of audit findings

    - Compliance with listing and other legal requirements relating to financial statements

    - Disclosure of any related party transactions

    - Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval

6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up there on.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee considers the audit reports covering operational, financial and other business areas and also the unaudited financial results of the Company.

Investor Grievance Committee

The members of the Investor Grievance Committee are:

- Venkat Chary *(*Independent Director*)*;
- C. Subramaniam (Non Executive Director); and
- Joseph Massey (Deputy Managing Director).

The Investor Grievance Committee was initially constituted on September 24, 2005 and was reconstituted by the Board of Directors on September 22, 2007. The Investor Grievance Committee has been set up for the following purposes:

- redressing complaints from shareholders such as non-receipt of dividend, annual report, transfer of shares and issue of duplicate share certificates; and
- monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares and bonds issued by the Company.

Remuneration Committee

The Remuneration Committee was constituted on September 24, 2005. The committee shall function in accordance with Clause 49 of the listing agreements of the stock exchanges.

The members of the Remuneration Committee are:

- Ashish Dalal (Non Executive Director);
- C. Subramaniam (Non Executive Director); and
- V. Hariharan (Non Executive Director).

IPO Committee

The IPO Committee was initially constituted on September 24, 2005 and was reconstituted by the Board of Directors on September 22, 2007. The Board has appointed this committee to oversee, execute and administer the activities to be undertaken for this Issue.

The members of the IPO Committee are:

- Joseph Massey (Deputy Managing Director);
- C. Subramaniam (Non- Executive Director); and
- V. Hariharan; and (Non- Executive Director).

Compensation Committee

The Compensation Committee that was constituted on September 24, 2005 and was reconstituted by the Board of Directors on September 22, 2007. This Committee is entrusted with the function of the administration and superintendence of the ESOS.

The members of the Compensation Committee are:

- Joseph Massey (Deputy Managing Director);
- Shvetal Vakil (Non- Executive & Independent Director); and
- Venkat Chary (Non- Executive & Independent Director).

In addition to the committees mentioned above, certain key functions of the Company are carried out by the following committees:

Investment Committee

The members of the investment Committee are

- C. Subramaniam (Non Executive Director);
- Joseph Massey (Deputy Managing Director);
- V. Hariharan (Non Executive Director).

The Board constituted the Investment Committee on May 5, 2006 for the following purpose:

1. Develop a conducive investment policy through comprehensive prudential norms for investments of surplus funds available with the Company in mutual funds and /or fixed deposits.

2. Review the various investment avenues with minimal risk and optimum return.

3. Review the investments transactions of the Company from time to time.

4. To do all such acts, things and writings to give effect to the above.

Management Committee

The members of the Management Committee are:

- Joseph Massey (Chairman);
- V. Hariharan; and
- Jignesh P. Shah.

The Management Committee was constituted on October 3, 2003. The Management Committee has been set up for the following purposes:

- To ensure compliance with all the statutory requirements of the Company;

- To allot and issue shares and other securities from time to time;

- To make investments, disinvestments or take loans or borrow subject to the limits specified by law and the Company; and

- To constitute, reconstitute and suspend other committees by whatever name called for the purpose of day to day running of the Exchange.

Since we are a Commodity Exchange, we have constituted the following Committees to oversee our operations

The Functions, composition and bye Laws / articles which provide for the formation of the aforesaid Committees are:

1. Executive Committee:

As per Rule 9 of the Rules of the Exchange, a committee shall be constituted for the day to day management of the exchange and for implementation of the provisions of the articles, bye laws, rules and regulations of the exchange and for such other matters as may be decided by the Board from time to time. This committee looks into disciplinary actions, arbitration and other administrative issues of the Exchange.

The Committee comprised of:

- Joseph Massey;
- V. Hariharan;
- Jayesh Shah;

- Kalpesh Shukla; and
- Ramalingam M.

2. Membership Admission Committee:

In terms of Rule 5 of the Business Rules of the Exchange, a Membership Admission Committee is constituted for the purpose of evaluating the applications for the membership of the Exchange, making recommendations for their acceptance/rejection and framing rules/criteria relating to admission for membership.

Membership Admission Committee ("MAC") comprised of:

- Joseph Massey ;
- Parag Jain; and
- K.R.C.V. Seshachalam.

The MAC is authorized:

1. To evaluate, based on documents submitted and interviews of applicants (personal or telephonic), the applications received for the membership of the Exchange;

2. To make its recommendations on the applications received for membership to the Board or the Management Committee for decision; and

3. To frame rules and criteria relating to admission of members, subject to their approval thereof by the Management Committee.

3. Clearing House Committees:

In pursuance of Rule 3 of the Rules of the Exchange, a committee has been constituted to recommend the margin structure, to determine losses, damages and penalties resulting from any defaults including delivery defaults and the manner of utilisation of the Settlement Guarantee Fund.

The Committee comprised of:

1) Joseph Massey;
2) V Hariharan;
3) Anjani Sinha; and
4) Paras Ajmera.

The major functions assigned to the Clearing House Committee are as discussed below:

a. The To recommend the margin structure applicable for each commodity and contracts;

b. To recommend action in the event of a default by members of the Exchange after examining the desirability of transferring any part or all of the open positions cleared and registered by the clearing house and the desirability of closing out any part or all of the open positions cleared and registered by the clearing house;

c. To determine losses, damages and penalties resulting from any defaults including delivery defaults; and

d. To recommend action against defaulting members of the Exchange and the manner of utilization of the Settlement Guarantee Fund, as per the rules, articles and bye-Laws of the Exchanges.

4. Vigilance Committee:

In pursuance of Rule 3 of the Rules of the Exchange, a committee has been constituted to set out the procedure relating to checks, inspections, enquiries and prevent / monitor, price manipulation, price distortion, trading malpractices.

The Committee comprised of:

1) Joseph Massey;
2) V Hariharan ;
3) Anjani Sinha; and
4) Paras Ajmera.

The Committee is authorized:

1. To set out the procedure relating to checks, inspections, enquiries and investigations in order to discover, and to prevent and monitor, as the case may be, price manipulation, and price distortion.

2. To set out the procedure to investigate the trading malpractices.

3. To perform such duties and responsibilities as may be assigned to it by the Board from time to time.

5. Trading Committee:

As per Rules 3 of the Rules of the Exchange, Trading Committee has been constituted for monitoring of the trading system of the Exchange and for implementation of the rules of automated trading.

The Committee comprised of:

1. Joseph Massey;
2. V. Hariharan;
3. Anjani Sinha; and
4. Paras Ajmera.

The functions of the Trading Committee are as mentioned below:

a. To review and recommend Rules for automated trading for proper functioning of the trading system and for the selection of, and trading in, approved commodities;

b. To review the specification of price limits for each contract month within which any futures contracts in any commodity shall be transacted in the Exchange;

c. the suspension of trading in one or more contracts when pre-set price limits are breached;

d. To recommend the conditions for the relaxation or tightening of price limits along with the new limits when necessary;

e. To review the specification of position limits for each contract month within which a futures contract shall be transacted and held by members of the Exchange and clients,

f. To review the conditions under which exemptions or concessions may be granted to members of the Exchange uniformly or selectively;

g. To review and recommend risk management systems to ensure that trading takes place in a fair and safe manner;

h. To recommend Business Rules for clearing and settlement;

i. To Approve of the basis for computation of the settlement price for each clearing day and special settlement rates for settlement of disputes or on days when there is no trading; and

j. To deal with emergencies special situations.

Information Systems Steering Committee

The Information System Steering Committee was constituted on September 6, 2003 with the following person's as its members:

- V. Hariharan. (Non Executive and Non-Independent Director);
- Joseph Massey.(Deputy Managing Director);
- Jayesh Valia. (Member);
- Paras Ajmera. (Member).

This committee overseas the following functions relating to information technology:

- Oversee IT related activities and overall performance.
- Review proposals for new IT investments.
- Review milestones and progress of major IT projects.
- Approve the Information System Policies and Procedures (ISPP).
- Review compliance of Information System Policies and Procedures.
- Approve pricing policies (Datafeed, CTCL etc.).
- Review the adequacy and allocation of IT resources.

Shareholding of the Directors

Our Articles do not require our Directors to hold any qualification shares in our Company.

Details of Equity Shares / Stock Options held by our Directors:

For details on Equity Shares/Stock Options held by our Directors, please refer to the chapter titled "Capital Structure" on page 20 of this Draft Red Herring Prospectus.

Interests of Directors

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. The Directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. Further, some of our Directors have also been granted Stock Options under the ESOS. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them or their relatives, out of the present Issue in terms of the Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Joseph Massey is entitled to receive remuneration from us. See "Remuneration of Directors" above. For more details, see the section titled "Related Party Transactions" on page 148 of this Draft Red Herring Prospectus.

Mr. Jignesh P Shah is also the Chairman and Managing Director and promoter of FTIL. Mr. Jignesh P Shah along with Mr. C Subramanian, Mr. Ashish Dalal and Mr. P G Kakodkar are also Directors on the board of FTIL. The said Directors are deemed to be interested in the transactions that we enter with FTIL

Borrowing Powers of our Board

Our Articles authorise our Board to borrow monies and secure the payment of such sum(s) in such manner and upon such terms and conditions in all respects as it thinks fit. See section titled "Main Provisions of the Articles of Association" on page 302 of this Draft Red Herring Prospectus. Our shareholders at the Fifth Annual General Meeting on September 1, 2007 authorised our Board to borrow a maximum of Rs. 25,000 million.

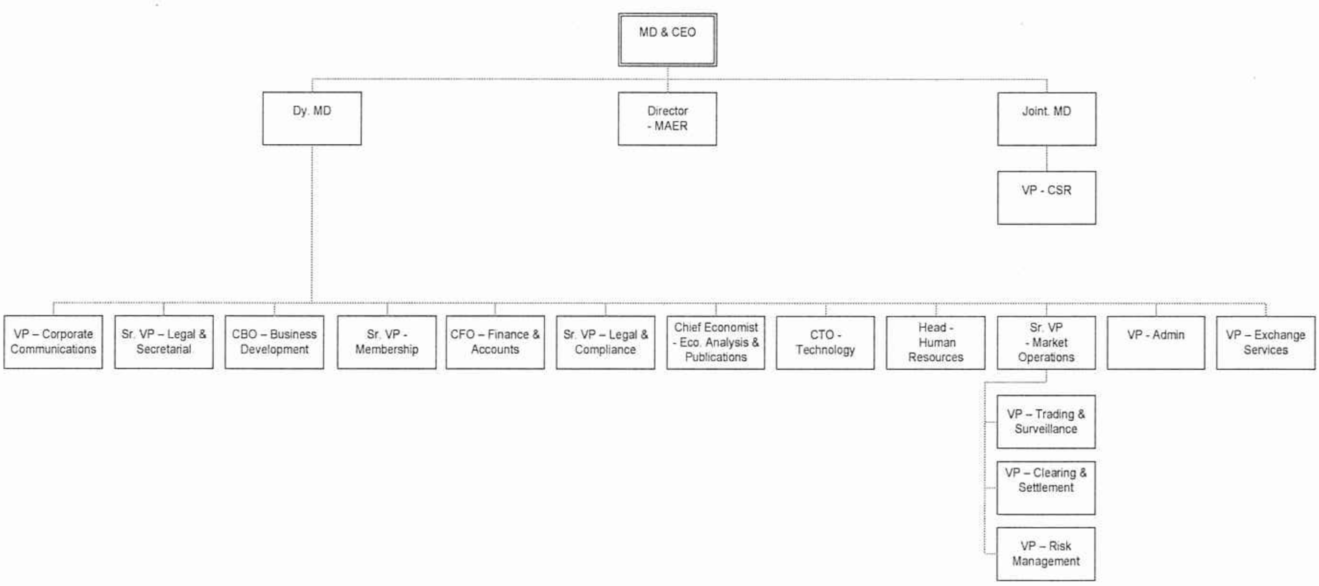
Changes in our Board of Directors in the last three years

The following changes have occurred in Board of Directors of the Company in the last three years:

Name	Date of Appointment	Date of Resignation
C. Subramaniam	January 4, 2005	
P. G. Kakodkar	April 1, 2005	
Ashish S. Dalal	April 1, 2005	
Yogesh Agarwal		January 4, 2005
Ashwini Kumar Sharma		June 17, 2005
Ashok Kini	June 17, 2005	
Dr.Urjit R. Patel	June 17, 2005	
Dr. S. Narayan	July 1, 2005	
P Satish	September 24, 2005	July 20, 2006
D. S Kolamkar		September 29, 2005
Bharat Tripathi	September 27, 2005	
Ashok Kini		December 26, 2005
Lambertus (Lamon) Rutten	June 15, 2006	
Dr. R. Balakrishnan	July 20, 2006	
Yogesh Agarwal	December 2, 2006	
Asha Das	September 22, 2007	
Dr. P G Apte	September 22, 2007	
Dr. Ajit Ranade	September 22, 2007	
Anup Banerji	September 22, 2007	
Yogesh Agarwal		August 18, 2007
A Mahendran		September 21, 2007
Sandeep Bajoria		September 21, 2007
Dr. M Pavaskar		September 21, 2007

Organisational Structure:

Key Managerial Personnel
Organisation Structure of MCX



Key Managerial Personnel of our Company

All the key managerial personnel mentioned herein are permanent employees of the Company. None of the key managerial personnel are related to each other. None of the key managerial personnel are appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers.

For details on Jignesh Shah, Lambertus (Lamon) Rutten and Joseph Massey see the section titled "Our Management" on page 105 of this Draft Red Herring Prospectus.

Dr. M. Pavaskar, 78, M.Com, LL.B, Ph.d., is Director (non Board member) (MCX Academia of Economic Research), set up by Multi Commodity Exchange of India Ltd. (MCX). He has over 50 years of experience. Prior to joining our Company, he was with Tata Economic Consultancy Services from where he retired as Executive Director, six years as Head of Forward Markets Research Cell at Department of Economics, University of Mumbai, and nine years with FMC, Government of India. He was also a member of the Research Team set up by the World Bank for the study of Cotton Marketing in India in 1995-96. He joined us in September 2007.

Dr. Chandra Mauli Dwivedi, 47, is Head – Human Resources of our Company. He is in charge of Human Resource Management of our Company. He joined us in January 2007 and was previously working with Datamatics Group. He has over 23 years of experience in human resource management. He holds a Ph. d. in industrial psychology and a trained lead assessor on SEI People Capability Maturity Model (P-CMM) - Carnegie Mellon University - USA. He was honoured with the recognition of "India's Greatest HR Professionals" during world HRD Congress - 2006. The annual compensation paid to him for the fiscal year 2007 was Rs. 0.75 million.

Dr. V. Shunmugam, 38, Chief Economist, the Head of economic analysis and publications. He joined us in March 2006. He has been a part of institutions and agencies like the Foreign Agricultural Services, USDA, US Embassy, Delhi and the Institute of Rural Management, Anand, Gujarat. He has over nine years of experience. He was awarded a Ph.d. in agricultural economics by the Indian Agricultural Research Institute, New Delhi and is a gold medallist in M.Sc. in agricultural economics from the Tamil Nadu Agricultural University. The annual compensation paid to him for the fiscal year 2007 was Rs. 0.75 million.

K.R.C.V. Seshachalam, 44, is the Senior Vice President legal and compliance. He is in charge of investor complaints, arbitration, documentation, litigation, and the overall external legal opinions. He joined us in August 2006 and was previously with SEBI for eight years working as a Deputy Legal Advisor. He has experience of more than eighteen years in various fields of Law. He holds a Bachelor Degree in Economics and Political Science and also in Commercial Laws, Property laws and Constitutions. The annual compensation paid to him for the fiscal year 2007 was Rs. 0.87 million.

Manish Rangari, 39, Sr. Vice President, Market Operations. He joined us in December 2007. He has an overall professional experience of 16 years. He was previously working with Pune Stock Exchange Limited as Managing Director and Secretary wherein he was responsible for strategic planning, budgeting, developing accounting policies, portfolio management, risk management and settlement. He has a Masters in Finance; Certified Financial Consultant (Canada); LLB and B.E. (Civil).

Nayan Mehta, 40, is the Chief Financial Officer of our Company. He is in charge of the finance, accounting and treasury management function. He joined us in February 2006 and was previously working with NSE for over 12 years. He is a chartered accountant; a cost accountant and also holds a B.Com degree from Mumbai University. He has over 16 years of experience. The annual compensation paid to him for the fiscal year 2007 was Rs. 1.46 million.

Parag Jain, 41, is the Senior Vice President of our Company. He is in charge of membership and compliance related activities of the Exchange. He joined us in June 2007 and was previously working with SEBI for 13 years as deputy general manager, heading a member team of division of policy and supervision at SEBI which carries out annual compliance audits of the market self regulatory organizations (the Stock Exchanges and Depositories). He has an overall experience of 18 years. He is qualified as BE chemicals and M.Sc. in economics.

P. P. Kaladharan, 52, is the Chief Technology Officer of our Company. He heads the Technology function which includes Technology and Customer/Technical Support Functions. He joined us in February 2006 and was previously working with BSE for over 15 years. He holds a Post Graduate Diploma in computer science and also an M.Com and B.Com from Agra University. The annual compensation paid to him for the fiscal year 2007 was Rs. 1.13 million.

Sumesh Parasrampuria, 32 is the Chief Business Officer of our Company. He is in charge of business development, institutional marketing, and product knowledge management team. He joined us in November 2006 and was previously working with Motilal Oswal Securities Private Limited. He has over 10 years of experience in the field of project methodology and risk management engagement. He holds a masters degree in finance from L.N. Welingkar's Institute of Management. The annual compensation paid to him for the fiscal year 2007 was Rs. 1.03 million.

Thomas Fernandes, 47, is the Senior Vice President of our Company, heads the secretarial department. He is responsible for compliance with corporate law, listing agreements with stock exchanges, liasioning with regulators, protection of Intellectual Property Rights and also corporate governance. He joined us in August 2006 and was previously working with Rolta India Limited as Company Secretary for over eleven years. He has earlier worked with corporates viz; Dempo Group of companies, Titanor Components Limited, Colfax Laboratories (India) Limited and Garware-Wall Ropes Limited. He has an overall experience of 23 years. He is Fellow Member of the Institute of Company Secretaries of India, Associate Member of the All India Management Association and has a bachelors degree commerce and law. The annual compensation paid to him for the fiscal year 2007 was Rs. 0.99 million.

Jayesh Shah, 44, is the Vice President of our Company. He looks after the surveillance and risk management areas of market operations team. He joined us in January 2005 and was previously working with Karvy Stock Broking Limited for over two years. He has over 15 years of experience and has also worked with Anagram Stock Broking Limited and Vadilal Dairy International Limited. He holds a Post Graduate Degree in computer science and application and a B.Sc from Gujarat University. The annual compensation paid to him for the fiscal year 2007 was Rs. 0.99 million.

Kalpesh Shukla 41, Vice President, overall in charge of physical delivery transactions and collection of Spot Market related information. He joined us in September 2005 and was previously working with SKSE Securities Limited for over a year. He has over 12 years of experience. He is a Chartered Accountant and holds a B.Com from Gujarat University. The annual compensation paid to him for the fiscal year 2007 was Rs. 0.66 million.

Rajendra Gogate, 47, Vice President, overall in charge of administration related activities of our Company. He joined us in July 2007. He was previously working with Tata Teleservices as a general manager. He has approximately 24 years of experience in areas including facilities Management, housekeeping, quality audits, and property management. He has also worked with the companies like WOKHARDT Limited and ESSAR group. He is a post graduate in business management and a bachelor in commerce.

Ramalingam M, 40, Vice President, looks after the clearing and settlement areas of market operations. He joined us in December 2006 and was previously working with Inter Connected Stock Exchange of India Limited as the CEO. He has an overall relevant experience of eight years. He holds a masters degree in financial markets and a bachelor degree in science with a specialization in mathematics. The annual compensation paid to him for the fiscal year 2007 is Rs. 0.31 million.

Ravi Muthreja, 32, the Vice President corporate communications team. He joined us in October 2006 and was previously working with NCDEX. He has experience of over 10years in the field of corporate communications i.e. in events, advertising and public relations. He holds a master degree in marketing from MET, Mumbai University and also a diploma in mass communications. The annual compensation paid to him for the fiscal year 2007 was Rs. 0.53 million.

S.A. Srinivas, 50, Vice President, a key member of the strategic business team for creating new initiatives for us with our agro-business partners. He joined us in November 2004 and was previously working with HCL Comnet for over six years. He holds a post graduate diploma in public relations from Mumbai University and also holds B.Com and M.Com from Mumbai University. The annual compensation paid to him for the fiscal year 2007 was Rs. 1.14 million.

Sarita Bahl, 43, Vice President, a key member of Corporate Social Responsibilities team, which is responsible for integrating business operations, supply chains, and decision-making processes with policies and programs. She joined us in March 2007 and was previously working with Monsanto Holdings Private Limited. She has fourteen years of experience in event management and communication. She holds a masters degree in social work and MBA in human resources and development and marketing. The annual compensation payable to her for the fiscal year 2007 is Rs. 0.08 million.

Employee Stock Option Scheme (ESOS)

We have instituted a stock option scheme to reward and help retain our employees and to enable them to participate in our future growth and financial success. Pursuant to the ESOS, we have granted 1,300,000 Stock Options (adjusted for subdivision) to our Directors and employees and directors and employees of FTIL at an exercise price of Rs. 14 adjusted for subdivision. Under the terms of the ESOS, vesting shall commence on the expiry of twelve months from the date of grant of Stock Options and the entitlement to vesting will be in the following manner:

Period of service from the date of grant of stock options	Percentage of stock options that shall vest
End of 12 months	20%
End of 24 months	30%
End of 36 months*	50%

*We will seek the approval of the shareholders at our Extra Ordinary General Body Meeting which is proposed to be held on February 27, 2008 to cause the third tranch of options to vest after a period of 26 months from the date of grant of the options i.e. March 15, 2008. Our Board has approved the setting up of a new Employee Stock Option Plan to grant upto 2, 600,000 options to employees. We have sought the approval of the shareholders for the same. The Grant of the options shall be completed before filing the Red Herring Prospectus. For more details, please refer to the chapter titled Capital Structure on page 20.

Shareholding/ Interest of the Key Managerial Personnel

Except as disclosed in this Draft Red Herring Prospectus, none of our key managerial personnel holds Equity Shares (excluding Stock Options granted under the ESOS) in his individual capacity as of the date of filing this Draft Red Herring Prospectus.

For details on Stock Options granted under ESOS see the section titled, "Capital Structure- Note 8 to Capital Structure" on page 29 of this Draft Red Herring Prospectus.

Changes in the Key Managerial Personnel

The following are the changes in our key managerial personnel since our inception:

Changes in the Key Managerial Personnel

The following are the changes in our key managerial personnel since our inception:

Name of the Employee	Date of Appointment	Date of cessation	Reason
Shreekant Javalgekar	October 25, 2004	April 1, 2007	Transfer to FTIL
Girish Raipuria	April 9, 2003		Deputed to NSEL
Anjani Sinha	June 29, 2003		Deputed to NSEL
Sanjit Prasad	January 9, 2004		Deputed to NSEL
R.K.Samantaray	June 7, 2004		Deputed to NBHC
S.A. Srinivas	November 1, 2004		
Nimish Shukla	November 1, 2004	March 31, 2006	Resigned
Jayesh Shah	January 6, 2005		
Roy Sebastian	April 18, 2005	April 30, 2007	Resigned
Deepak Shah	August 30, 2005	July 31, 2007	Resigned
T.V. Rangaswamy	November 1, 2004	June 1, 2005	Resigned
Kalpesh Shukla	September 1, 2005		
Shyamal Gupta	November 25, 2005	February 15, 2007	Resigned
P.P. Kaladharan	February 4, 2006		

Name of the Employee	Date of Appointment	Date of cessation	Reason
Nayan Mehta	February 10, 2006		
Dharmesh Pandya	May 15, 2006	September 8, 2007	Resigned
Dr. V. Shunmugam	March 27, 2006		
Thomas Ritaldo Fernandes	August 1, 2006		
KRCV Seshachalam	August 16, 2006		
Ravi Muthreja	October 9, 2006		
Sumesh Sajjan Parasrampuria	November 14, 2006		
Ramalingam M	December 11, 2006		
Dr. Chandra Mauli Dwivedi	January 25, 2007		June 1, 2007
Sarita Bahl	March 5, 2007		
Parag Jain	June 1, 2007		
Rajendra Gogate	July 26, 2007		
Dr. Madhookar Pavaskar	September 21, 2007		
Manish Rangari	December 12, 2007		

OUR PROMOTER

Promoter

Financial Technologies (India) Limited ("FTIL")

Corporate Information:_Worldwide Technologies (Electronics) Private Limited was incorporated on April 12, 1988. This company was renamed as Worldwide Technologies Private Limited on May 17, 1994, then Worldwide Technologies Limited on September 6, 1994 and eventually as Nods Worldwide Limited on July 1, 1999. Another company called Electronic Broking Services Limited was then merged with Nods Worldwide Limited pursuant to the orders of the Bombay High Court dated July 20, 2000 and the Madras High Court dated July 21, 2000 and the resultant entity was named e-Xchange on the Net Limited. Financial Technologies (India) Private Limited (FTIPL), incorporated as Jignesh Consultancy Services Private Limited on January 24, 1995, and e-Xchange on the Net Limited were merged and the resultant entity was named Financial Technologies (India) Limited. This merger was approved by the High Courts at Mumbai and Chennai pursuant to their orders dated November 29, 2000 and March 13, 2001, respectively.

FTIL's registered office is situated at Doshi Towers, 1st Floor, Flat No. 1 A and B, No. 156, Periyar, EVR Salai, Kilpauk, Chennai – 600010, Tamil Nadu. It is mainly engaged in the business of developing software and acting as technical service provider in respect of automated electronic markets in the areas of finance and technology like foreign exchange, commodities, debts, treasuries, securities, insurance and bank. It is listed on the BSE, NSE, Ahmedabad Stock Exchange and Madras Stock Exchange. The promoters of FTIL are Jignesh Shah, Dewang Neralla and La-Fin Financial Services Private Limited. For details on Jignesh Shah and La-Fin Financial Services Private Limited, see the section tilted "Our Management" and "Our Promoter- Promoter Group" on pages 105 and 131 respectively of this Draft Red Herring Prospectus.

Dewang Neralla is a co-founder and principal technology architect at FTIL and is responsible for introducing new technology architecture, components and protocols to deliver cutting-edge technology. He has experience in architecture and designing dealing room solutions, internet trading engines, exchange trading systems as well as messaging solutions. He has experience in designing and implementing Local Area Networks (LAN) and Wide Area Networks (WAN) using leased lines, dial-up lines and VSAT linkages based on networking protocols like TCP/IP and X.25.

Prior to this, Dewang Neralla worked with the BSE as a graphical user interface ("GUI") front-end software development specialist where he was involved in development of a fully functional prototype of the BOLT system and design, transfer and maintenance of display information driver system (DIDS) software. Dewang has undergone training in the areas of Exchange Automation Technologies with Tandem Corporation (USA).

Shareholding Pattern as on December 31, 2007.

	Category	Number of shares held	Percentage of holding
A.	**Promoter's Holding**		
1	**Promoters :**		
	Indian Promoters :		
	Jignesh P. Shah	4,903,870	10.72
	Jignesh P Shah jointly with Rupal J. Shah	3,585,715	7.84
	Dewang S. Neralla	60,374	0.13
	Rupal J. Shah jointly with Jignesh P. Shah	74,355	0.16
	Rupal J. Shah	56,703	0.12
	Manish P. Shah	40,043	0.09
	Manjay P. Shah	26,918	0.06
	Pushpa P. Shah	46,543	0.10
	Prakash B. Shah	5,576	0.01
	Bina M. Shah jointly with Manish P. Shah	977	-
	Tejal M. Shah	25	-

	Category			Number of shares held	Percentage of holding
	Pushpa P. Shah and Manjay P. Shah			808	-
	Tejal M. Shah and Manjay P. Shah			929	-
	Mandar Neralla			1,364	-
	La- Fin Financial Services Private Limited			12,117,063	26.48
	Sub Total (a)			**20,921,263**	**45.72**
B	**Non-Promoters holding :**				
2	Institutional Investors :				
	a) Mutual Funds			501,149	1.10
	b) Banks			122,068	0.27
	c) FIIs			14,300,432	31.25
	d) GDRs (JP Morgan Chase Bank- custodian for underlying shares)			1,662,811	3.63
	Sub Total (b)			**16,586,460**	**36.25**
3	Others				
	a) Corporate bodies:			884,765	1.93
	b) Indian public			3,302,825	7.22
	c) NRIs			120,154	0.26
	d) Any other: (please specify)				
	Clearing members	103,090	0.22%	3,942,040	8.62
	Directors(Independent/Non Independent) &	3837840	8.39%		
	their relatives			-	
	Trusts	1110	0.00%		
	Sub Total (c)			**8,249,784**	**18.03**
	Grand Total (a+b+c)			**45,757,507**	**100.00**

Board of Directors

The board of directors of Financial FTIL comprises the following:

1. Jignesh P. Shah;
2. Dewang Neralla;
3. C. Subramaniam;
4. Ravi K. Sheth;
5. Ashish Dalal; and
6. P.G. Kakodkar.

Share Quotation

Highest and lowest price on BSE in the last six months:

Month	High (Rs.)	Low (Rs.)
August 2007	2,550.00	1,964.40
September 2007	2,810.00	2,416.00
October 2007	2,855.00	2,304.00
November 2007	2,745.00	2,198.00
December 2007	2,660.00	2,350.00
January 2008	2,689.90	1,740.00

(Source: BSE Website)

Highest and lowest price on NSE in the last six months:

Month	High (Rs.)	Low (Rs.)
August 2007	2,575.00	1,965.00
September 2007	2,808.00	2,405.00
October 2007	2,854.00	2,240.00
November 2007	2,740.00	2,215.15
December 2007	2,669.80	2,325.05
January 2008	2,689.90	1,700.00

(Source: NSE Website)

Closing price on the BSE as of February 11, 2008 was Rs. 2,071.50

Market Capitalisation on the BSE as of February 11, 2008 was Rs. 95,048 million.

Closing price on the NSE as of February 11, 2008 was Rs. 2,078.60

Market Capitalisation on the NSE as of February 11, 2008 was Rs. 95,111 million

Details of transactions by promoters/ relatives of FTIL in the equity shares of FTIL in the last three years

Year	Particular	Jignesh Shah			Dewang Neralla			La-Fin Financial Services Limited			Relatives of Promoters		
		Bought	Sold	Price Range	Bought	Sold	Price Range	Bought	Sold	Price Range	Bought	Sold	Price Range
2004-05	Inter se transfer amongst promoters/promoter group	4,505,000									200	4,505,200	
	On-market transactions		100,000	259.70 to 283.69				100,000		261.30 to 286.71	1,000	3,925	73.69 to 316.93
	Off-market transactions	72,252							1,100,000	69.00	2,000	67,734	
2005-06	Inter se transfer amongst promoters/promoter group		28,122		28,122						1,000	1,000	
	On-market transactions					5,000	264.11 to 264.96					21,440	267.26 to 1694.20
	Off-market transactions		27,000						800,000	69.00		9,000	
2006-07	Inter se transfer amongst promoters/promoter group												
	On-market transactions										2,610	9,546	1,270 to 2,208
	Off-market transactions											1,000	

Note: Price range not indicated where no consideration was involved

<u>Financial Performance</u>

The audited financial results of FTIL (standalone) for fiscal 2005, 2006 and fiscal 2007 are as follows:

(Rs. millions, except share data)

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
Income	335.09	962.57	1741.32
Profit after tax	93.13	424.67	1006.12
Equity Share Capital	88.02	88.02	88.19

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
Reserve and Surplus	1,298.49	1,422.16	1898.41
Networth	1,371.91	1,495.49	1,972.40
Earning per Share (of Rs. 2 each)	2.26	9.65*	22.85
Net Asset Value per share (of Rs.2 each)	31.17	33.98	44.73

*After exceptional item.

Other details relating to FTIL

PAN	AAACF5737C
Bank Account Details	Account No. No.2272320000644 with HDFC Bank Limited, Manek Smruti,TPS II, Nehru Road Vile Parle-East, Mumbai 400 057
RoC Registration Number	18 – 15586
Address of the RoC	The Registrar of Companies, Tamil Nadu, Shastri Bhavan , No.26, Haddows Road , Chennai -600 006

The permanent account number, bank account number, the RoC registration number and address of the registrar of companies where FTIL is registered have been submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus with them.

Details of the last public/ rights issue made

Worldwide Technologies (now known as "FTIL") made its initial public issue in 1995. Worldwide Technologies made an issue of 750,800 equity shares. The issue opened on February 9, 1995 and closed on February 20, 1995. The date of allotment was April 10, 1995.

The proceeds of the issue were applied for the objects of the issue as disclosed in the prospectus for the said issue, i.e., the expansion of existing production facilities, to meet the cost of getting approvals from various agencies abroad to enable exports of the Company's products, to enhance research and development facilities for meeting the future technological requirements and innovations and to meet the working capital requirements of the Company. There were no deviations from the objects on which the issue proceeds were utilized.

FTIL made an offering of 10,121,461 Global Depositary Receipts (GDR) whereby 7 GDR represent 1 share of nominal value Rs 2 at an offering price of USD 9.88 per GDR subject to the over-allotment option for upto 1,518,216 GDR. These allotments were made on October 11, 2007 and November 7, 2007.

Promise v/s Performance

No promises were made in the Prospectus for the initial public issue.

Mechanism for redressal of investor grievance

FTIL has a Shareholders/ Investor Grievance Committee which meets as and when required, to deal and monitor redressal of complaints from shareholders relating to transfers, non-receipt of balance sheet, non receipt of dividend declared etc. Typically, the investor grievances are dealt within a fortnight of receipt of the complaint from the investor. As of December 31, 2007 there are no investor grievance pending against FTIL.

Promoter Group

La-Fin Financial Services Private Limited ("La-Fin")

Corporate Information

La-Fin was incorporated on September 27, 1996 in the State of Maharashtra. Its registered office is located at B-5,301/302, Kamla Nagar, M G Road, Kandivli (West) Mumbai – 400 067. The company is engaged in the business of investing in shares and securities.

Shareholding pattern as on December 31, 2007

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Jignesh P. Shah	5,000	50
2.	Pushpa P. Shah	5,000	50
	Total	**10,000**	100

Board of Directors

The board of directors of La-Fin consists of:

1. Jignesh P. Shah; and
2. Rupal J. Shah.

Financial Performance

The audited financial results for La-Fin for the last three fiscals are as follows:

(In Rs. Millions, except per share data)

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Income	79.71	73.83	102.86
Profit/(Loss) after Tax	67.93	59.25	99.84
Equity Share Capital	0.10	0.10	0.10
Reserves and Surplus	168.27	224.67	365.14
Earning Per Share (of Rs.10/- each)	6,792	5,925	9,984
Net Asset Value per share (of Rs.10/- each)	16,837.35	22,476.75	37,024.06

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

National Bulk Handling Corporation Limited ("NBHC")

Corporate Information

NBHC was incorporated on April 20, 2005 in the State of Maharashtra. Its registered office is located at 102 A, Landmark, Suren Road, Chakala, Andheri (East), Mumbai 400 093. NBHC provides end-to-end solutions in warehousing and bulk handling of Agro commodities, quality certification, grading, price risk management and collateral support.

Shareholding pattern as on December 31, 2007

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	FTIL	14,499,994	80.50
2.	Others	6	Negligible
3.	State Bank Of India	3,512,420	19.50

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
	Total	**18,012,420**	**100**

Board of Directors

The board of directors of NBHC consists of:

1. Jignesh P. Shah;
2. A. K. Basu;
3. V. Hariharan;
4. Chandrasekhar Subramaniam; and
5. Anil Choudhary;

Financial Performance

The audited financial results of NBHC for fiscal 2006 and 2007 are as follows:

(In Rs. million except per share data)

	Fiscal 2006	**Fiscal 2007**
Income	22.46	213.60
Profit/ Loss after tax	(7.95)	(8.88)
Equity Share Capital	45.00	180.12
Reserves and Surplus	(7.95)	(16.83)
Earning per Share (of Rs. 10 each)	(17.68)	(1.33)
Net Asset Value per share (of Rs.10 each)	8.23	9.07

NBHC was established in April 2005. Therefore, no financials for fiscal 2005 are available.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

National Spot Exchange Limited ("National Spot Exchange")

Corporate Information

National Spot Exchange (also known as the National Spot Exchange for Agricultural Produce), was incorporated on May 18, 2005 in the State of Maharashtra. Its registered office is located at 102 A, Land Mark, Suren Road, Andheri -Kurla Road, Andheri (East), Mumbai. This company seeks to create an integrated common market for trading of agricultural produce from all over India and to provide national level price discovery in agricultural spot prices.

Shareholding pattern as on December 31, 2007

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	FTIL	7,999,895	99.99
2.	Others	5	Negligible
3.	NAFED	100	Negligible
	Total	8,000,000	100.00

Board of Directors

The board of directors of National Spot Exchange consists of:

1. Jignesh P. Shah;
2. V. Hariharan;
3. Joseph Massey;
4. Shankerlal Guru; and
5. B.D.Pawar

Financial Performance

The audited financial results of National Spot Exchange for fiscal 2006 and 2007 are as follows:

(In Rs. million except per share data)

	Fiscal 2006	Fiscal 2007
Income	0.06	0.07
Profit/ Loss after tax	(17.40)	(34.89)
Equity Share Capital	15.00	70.00
Reserves and Surplus	(17.40)	(52.29)
Earning per Share (of Rs. 10 each)	(50.00)	(12.17)
Net Asset Value per share (of Rs.10 each)	(1.60)	2.53

The National Spot Exchange was established in May 2005. Therefore, no financials for fiscal 2005 are available.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Dubai Gold and Commodities Exchange ("DGCX")

Corporate Information

DGCX was incorporated on July 19, 2005 in Dubai. Its registered office is located at Unit No 9, Emaar Business Park, Building No.2, Number 15 (383-217), Sheikh Zayed Road, Dubai, United Arab Emirates. It is a demutualised, fully electronic commodities and currencies exchange based in Dubai.

Shareholding pattern as on December 31, 2007

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Dubai Multi and Commodities Centre	5,100`A' Shares	51.00
2.	Financial Technologies India Limited	1,900`B' Shares	19.00
3.	Multi Commodity Exchange of India Limited	1,000`B' Shares	10.00
4.	FT Group Investments Private Ltd (Mauritius)	2,000`B' Shares	20.00
	Total	10,000	100.00

Our Company has entered into an agreement with New Vernon Private Equity Limited to sell 100 class 'B' shares of DGCX. Further, our Company has also entered into an agreement with Alexandra Global Master Fund and Passport India Investment (Mauritius) Limited to sell 200 class 'B' shares each to both these investors. As on the date of filing this DRHP, these transfers have not taken place, as the aforesaid transferees are yet to submit their requisite documents to DMCC. However, DMCC has already granted their consent to transfer these shares.

Board of Directors

The board of directors of DGCX consists of:

1. Dr. David Rutledge;
2. Jignesh Shah;
3. Ahmed Bin Sulayem;
4. Joseph Massey;
5. Colin Griffith; and
6. Arshad Khan.

Financial Performance

The audited financial results of DGCX for the year ending 2005 and 2006 ending on December 31, 2005 are as follows:

(In Rs. Million except per share data)

	Fiscal * 2005 (Rs)	**Fiscal* 2006(Rs)**
Income	428.76	333.27
Profit after tax	284.39	9.57
Equity Share Capital	396.70	396.70
Reserve and Surplus	284.39	293.96
Earning per Share	28,439.34	956.83
Net Asset Value per share	68,109.34	69,066.16

*Based on convenience translation of Rs. 39.67 = US$1.00, which was the Reserve Bank of India rate on November 30, 2007.

*Fiscal year is from January - December

Since DGCX was established in November 2005. Therefore, no financials for fiscal 2005 are available.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years.

***IBS Forex Limited* (“IBS”)**

Corporate Information

IBS Forex Limited was incorporated on February 9, 2001 in the state of Maharashtra. Its registered office is located Trade Avenue, Second Floor, Suren Road, Chakala, Andheri (East), Mumbai 400 093. The main object of the company is to undertake the business of foreign exchange dealers, brokers, consultants and to deal in instruments denominated in foreign currencies and to undertake all acts permitted by the RBI in the conduct of forex business in India or abroad either through electronics trading exchanges, platforms and the internet.

Shareholding pattern as on December 31, 2007

Sr. No.	**Name of the shareholder**	**No. of equity shares**	**Percentage of total equity holding**
1.	Financial Technologies India Limited	3,040,000	76.00
2.	Others	960,000	24.00
	Total	4,000,000	100.00

Board of Directors

The board of directors of IBS consists of:

1. P. G. Kakodkar;
2. Jignesh P. Shah;
3. V. Hariharan; and
4. Nihal C. Chauhan.

Financial Performance

The audited financial results of IBS for fiscal 2005, 2006 and 2007 are as follows:

(In Rs. million except per share data)

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Income	2.90	6.77	5.41
Profit after tax	(2.24)	(6.23)	0.76
Equity Share Capital	40.00	40.00	40.00
Reserves and Surplus	(5.86)	(12.08)	(11.33)
Earning per Share (of Rs. 10 each)	(1.77)	(1.56)	0.19
Net Asset Value per share (of Rs.10 each)	8.45	6.98	7.17

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Tickerplant Infovending Limited ("Tickerplant")

Corporate Information

Tickerplant Infovending Limited (Tickerplant) was incorporated on February 4, 2005. Its registered office is located at First Floor, Malkani Chambers, off Nehru Road, Vile Parle (E), Mumbai – 4000 099. The main object of Tickerplant is to provide information technology enabled services particularly in the fields of commodities, foreign exchange and equity.

Shareholding pattern as on December 31, 2007

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	FTIL	4,749,994	99.99
2	Other	6	Negligible
	Total	4,750,000	100.00

Board of Directors

The board of directors of Tickerplant consists of:

1. Jignesh P. Shah;
2. Chandrasekhar Subramaniam; and
3. Dewang Neralla.

Financial Performance

The audited financial results of Tickerplant Infovending for fiscals 2005, 2006 and 2007 are as follows:

(In Rs. million except per share data)

	Fiscal	Fiscal	Fiscal

	2005	2006	2007
Income	-		0.52
Profit/ Loss after tax	(0.48)	(3.50)	(20.97)
Equity Share Capital	0.50	7.50	35.00
Reserve and Surplus	(0.48)	(3.99)	(24.96)
Earning per Share (of Rs. 10 each)	(63.98)	(67.50)	(1.34)
Net Asset Value per share (of Rs.10 each)	0.36	4.68	2.87

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Atom Technologies Limited ("Atom Technologies")

Corporate Information

Atom Technologies was incorporated on October 13, 2005. Its registered office is located at First Floor, Malkani Chambers, off Nehru Road, Vile Parle (E), Mumbai 400 099. The main object of Atom Technologies is to carry on the business of providing information technology services to any type of electronic transactions or e-purse transactions or debit/credit card transactions through mobile phones or any wireless or any other devices and to offer services, particularly in the fields of commodities, equity, forex and finance.

Shareholding pattern as on December 31, 2007

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	FTIL	3,099,994	77.50
2	FTIL Nominees	6	Negligible
3.	Others	900,000	22.50
	Total	4,000,000	100.00

Board of Directors

The board of directors of this company consists of:

1. Jignesh P. Shah;
2. Chandrasekhar Subramaniam; and
3. Dewang Neralla.

Financial Performance

The audited financial results of Atom Technologies for fiscal 2006 and 2007 are as follows:

(In Rs. million except per share data)

	Fiscal 2006	Fiscal 2007
Income	0.08	0.20
Profit/ Loss after tax	(9.95)	(23.12)
Equity Share Capital	20.00	40.00
Reserve and Surplus	(9.95)	(33.08)
Earning per Share (of Rs. 10 each)	(23.42)	(8.12)
Net Asset Value per share (of Rs.10 each)	5.02	1.73

Atom Technologies was established in October 2005. Therefore, no financials for fiscal 2005 are available.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Riskraft Consulting Limited

Corporate Information

Riskraft Consulting Limited was incorporated on November 28, 2005. Its registered office is located at First Floor, Malkani Chambers, Off Nehru Road, Vile Parle (E), Mumbai 4000 099. The main object of Riskraft Consulting Limited is to carry on the business of providing consulting services and solutions in the area of risk management for banks, financial institutions, insurance companies, stock exchanges, stock broking houses, commodity exchanges, housing finance companies, asset management companies, investment banking firms, hedge funds etc.

Shareholding pattern as on December 31, 2007

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	FTIL	3,249,994	99.99
2.	Others	6	Negligible
	Total	3,250,000	100

Board of Directors

The board of directors of this company consists of:

1. Jignesh P. Shah;
2. Chandrasekhar Subramaniam; and
3. Dewang Neralla.

Financial Performance

The audited financial results of Riskraft Consulting Limited for fiscals 2006 and 2007 are as follows:

(In Rs. million except per share data)

	Fiscal 2006	Fiscal 2007
Income	0.24	1.16
Profit/ Loss after tax	(5.36)	(20.18)
Equity Share Capital	6.00	32.50
Reserve and Surplus	(5.36)	(25.53)
Earning per Share (of Rs. 10 each)	(291.74)	(1.10)
Net Asset Value per share (of Rs.10 each)	1.07	2.14

Riskraft Consulting Limited was established in November 2005. Therefore, no financials for fiscal 2005 are available.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Financial Technologies Middle East DMCC

Corporate Information

Financial Technologies Middle East DMCC was incorporated on August 1, 2005. Its registered office is located at Unit No.8, Floor No.1, Emaar Business Park Building 2, Plot no. 15, (383-217)01, Sheikh Zayed Rd, Dubai UAE. The main object of this company is to provide technology and software services. The entire equity share capital of this company is held by FTIL.

As on December 31, 2007, Financial Technologies (India) Limited is the only shareholder of Financial Technologies Middle East DMCC. The paid-up capital as on December 31, 2007 is 8,550 shares of 1,000 AED each.

Board of Directors

The board of directors of this company consists of:

1. Jignesh P. Shah;
2. V. Hariharan; and
3. Arshad Khan.

Financial Performance

The audited financial results of Financial Technologies Middle East DMCC for fiscals 2006 and 2007 are as follows:

(In Rs. million except per share data)

	Fiscal 2006	Fiscal 2007
Income	-	39.06
Profit/ Loss after tax	(17.23)	(34.44)
Equity Share Capital	27.11	87.29
Reserve and Surplus	(17.23)	(51.67)
Earning per Share (of Rs. 10,843.70 each)	(32,859.73)	(6,536.02)
Net Asset Value per share (of Rs. 10,843.70 each)	3,949.92	4,424.91

Based on convenience translation of AED1.00 = Rs. 10.84, *(source* www.oanda.com) as on November 30, 2007.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up

Financial Technologies Middle East- FZLLC

Corporate Information

Financial Technologies Middle East- FZLLC was incorporated in May 22, 2006. Its registered office is located at 1809, Shatha Tower, 18th floor, Dubai, U.A.E. The main object of this company is to carry on all such business as the Dubai Technology and Media Free Zone Authority may permit under the terms of the license issued to it by this authority.

As on December 31, 2007, Financial Technologies Middle East DMCC is the only shareholder. The paid-up capital is 150 shares of 1,000 AED each, amounting to 150,000 AED.

Board of Directors

The board of directors of the company consists of:

3. Jignesh Shah,
4. V. Hariharan and
5. Arshad Khan.

Financial Performance

The audited financial results of Financial Technologies Middle East- FZLLC for fiscal 2007 are as follows:

(In Rs. million except per share data)

	Fiscal 2007
Income	-
Profit/ Loss after tax	(0.50)
Equity Share Capital	1.63
Reserve and Surplus	(0.50)
Earning per Share (of Rs. 10,843.70 each)	(3,357.21)
Net Asset Value per share (of Rs. 10,843.70 each)	7,486.49

Based on convenience translation of AED1.00 = Rs. 10.8437, *(source* www.oanda.com*)* as on November 30, 2007.

Indian Bullion Market Association Limited ("IBMAL")

Corporate Information

IBMAL was incorporated on June 15, 2007. Its registered office is located at Boston House, 4th Floor, Suren Road, Chakala, Andheri (East), Mumbai – 400 093. The main objects of this Company are to operate a bullion exchange and to transact, clear and settle trades in various securities.

Shareholding pattern as on December 31, 2007

Sr No	Name of shareholder	No. of Equity Shares	Percentage of total Equity holding
1	NSEL	49,994	99.99
2.	Others	6	Negligible
	Total	50,000	100.00

Board of Directors

The board of directors of this company consists of:

1. V. Hariharan
2. Dewang Neralla and
3. Shreekant Javalgekar.

IBMAL was established on June 15, 2007. Therefore, there are no audited financials available for the last three years

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Singapore Mercantile Exchange Clearing Corporation Pte Limited

Corporate Information

Singapore Mercantile Exchange Clearing Corporation Pte Limited was incorporated on February 12, 2007. Its registered office is located at 4, Battery Road, No 15-01, Bank of China building, Singapore- 049908. This company has been incorporated as a wholly owned subsidiary of Singapore Mercantile Exchange Pte Limited and will provide clearing and settlement facilities.

Shareholding pattern as on December 31, 2007

S. No	Name of shareholder	No. of Equity Shares	Percentage of total Equity holding
1	Singapore Mercantile Exchange Limited	10,000,000	100
	Total	10,000,000	100

Board of Directors

The board of directors of this company consists of:

1. Jignesh Shah,
2. V. Hariharan
3. Joseph Massey and
4. Vijay Kumar Iyengar.

Financial Performance

Singapore Mercantile Exchange Limited was established on February 12, 2007. Therefore, there are no audited financial for the last three years

Singapore Mercantile Exchange Pte Limited

Corporate Information

Singapore Mercantile Exchange Limited was incorporated on November 15, 2006. Its registered office is located at -4, Battery Road, No 15-01, Bank of China building, Singapore- 049908. Singapore Mercantile Exchange Limited has been incorporated to establish, operate, regulate, maintain and manage an electronic commodity exchange based at Singapore.

Shareholding pattern as on December 31, 2007

Equity Share Capital

S. No	Name of shareholder	No. of Equity Shares	Percentage of total Equity holding
1.	Financial Technologies (India) Limited	25,000,001	100.00
	Total	25,000,001	100.00

Optionally Convertible Preference Share capital

S. No	Name of shareholder	No. of Preference Shares	Percentage of total holding
1	Financial Technologies (India) Limited	10,000,000	100.00
	Total	10,000,000	100.00

Board of Directors

The board of directors of this company consists of:

1. Jignesh Shah,
2. V. Hariharan
3. Joseph Massey and
4. Vijay Kumar Iyengar.

Financial Performance

The first financial year of the Company ends on March 31, 2008 therefore no audited financials are available.

Global Board Of Trade ("GBOT")

Corporate Information:

GBOT was incorporated on December 18, 2006. Its registered office is located on 2nd floor, Fairefax House, No 21, Mgr Gonin Street, Port Louis, Mauritius. The company has been incorporated to establish, operate and regulate a multi commodity exchange based at Mauritius.

Shareholding Pattern as on December 31, 2007

Name of shareholder	No. of Equity Shares	No. of Optionally convertible Preference Shares
Financial Technologies (India) Limited	328,671	7,888,080

Board of Directors

The board of directors of this company consists of:

1. Jignesh P. Shah, and
2. V. Hariharan.

Financial Performance:

Since the Company was incorporated in December 2006, there is no audited financial information available for fiscals 2005 and 2006.

The audited financial results of GBOT for fiscal 2007 are as follows:

(In Rs. Million except per share data)

	Fiscal 2007
Income	13.97
Profit/ Loss after tax	(2.80)
Equity Share Capital	1,089.03
Reserve and Surplus	-
Earning per Share (of Rs.132.54 each)	(8.53)
Net Asset Value per share (of Rs.132.54 each)	3,304.91

Based on convenience translation of Mauritius Rupees 1.00 = Rs. 1.3254 *(source www.oanda.com)* as on November 30, 2007.

Global Payment Networks Limited ("Global Payment Networks Limited")

Corporate Information

Global Payment Networks was incorporated on March 5, 2007. Its registered office is located at 1st floor, Malkani Chambers, off Nehru Road, Vile Parle (East) , Mumbai – 400 099. The main object of this company is to carry on the business of providing a secure electronic payment highway for bankcard transactions, merchant acquisition and servicing.

Shareholding pattern as on December 31, 2007

S. No	Name of shareholder	No. of Equity Shares	Percentage of total Equity holding
1	FTIL	49994	99.99
2.	Others	6	Negligible
	Total	50000	100.00

Board of Directors

The board of directors of this company consists of:

1. Jignesh Shah,
2. Dewang Neralla and
3. V. Hariharan

Financial Performance:

The audited financial results of Global payment Networks Limited for fiscal 2007 are as follows:

(In Rs. million except per share data)

	Fiscal 2007
Income	-
Profit/ Loss after tax	(0.19)
Equity Share Capital	0.50
Reserve and Surplus	(0.19)
Earning per Share (of Rs.10 each)	(3.84)
Net Asset Value per share (of Rs.10 each)	6.16

Since the Company was incorporated on March 5, 2007, there is no audited financial information available for fiscals 2005 and 2006.

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Indian Energy Exchange Limited

Corporate Information

Indian Energy Exchange Limited was incorporated on March 26, 2007. Its registered office is located at 1st floor, Malkani Chambers, off Nehru Road, Vile Parle (East) , Mumbai – 400 099. The main object of this company is to establish, operate, regulate and maintain facilities to transact, clear and settle trades in various types of electricity and power based contracts.

Shareholding pattern as on December 31, 2007

S. No	Name of shareholder	No of Equity Shares held	Percentage of total Equity holding

S. No	Name of shareholder	No of Equity Shares held	Percentage of total Equity holding
1	FTIL	49994	99.99
2.	Others	6	Negligible
	Total	50000	100.00

Board of Directors

The board of directors of this company consists of:

1. Jignesh Shah,
2. Joseph Massey and
3. V. Hariharan.

Financial Performance

The Audited financial results of IEEL for the year ending on March 31, 2007 are as follows:

(Amt. in million, except per share)

	Year Ending March 31, 2007
Total Income/ Sales	
Profit/(Loss) after tax	(0.19)
Equity share capital (paid up)	0.50
Reserves and Surplus (excluding revaluation reserves)and debit balance of Profit/Loss Account	(0.19)
Earnings/(Loss) per share (diluted) (Rs.)	(3.85)
Book Value per share (Rs.)	6.15

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

Financial Technologies Communications Limited

Corporate Information

Financial Technologies Communications Limited was incorporated on March 13, 2007. Its registered office is located at 1st floor, Malkani Chambers, Off Nehru Road, Vile Parle (East) , Mumbai – 400 099. The main object of this company is to establish, develop, provide, operate and maintain all types of telecommunication services, including Internet Service Provider, data communication and other like forms of communication.

Shareholding pattern as on December 31, 2007

S. No	Name of shareholder	No of Equity Shares held	Percentage of total Equity holding
1	FTIL	49,994	99.99
2.	Others	6	Negligible
	Total	50,000	100.00

Board of Directors

The board of directors of this company consists of:

1. Jignesh Shah,
2. V. Hariharan and
3. Dewang Neralla.

Financial Performance:

The audited financial results of Financial Technologies Communications Limited for fiscal 2007 are as follows:

(In Rs. million except per share data)

	Fiscal 2007
Income	-
Profit/ Loss after tax	(0.14)
Equity Share Capital	0.50
Reserve and Surplus	(0.14)
Earning per Share (of Rs.10 each)	(2.77)
Net Asset Value per share (of Rs.10 each)	7.23

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

FT Knowledge Management Company Limited

Corporate Information

FT Knowledge Management Company Limited was incorporated on September 7, 2007. The earlier name of this company was FT Knowledge Centre Limited. Its registered office is located at 1st Floor, Malkani Chambers, Off Nehru Road, Vile Parle (East), Mumbai – 400 099. The main object of the company is to provide training and other related activities with regard to commodity and stock markets.

Shareholding pattern as on December 31, 2007

S. No	Name of shareholder	No of Equity Shares held	Percentage of total Equity holding
1.	FTIL	49994	99.99
2.	Others	6	Negligible
	Total	50000	100.00

Board of Directors

The board of directors of this company consists of:

1. Jignesh Shah,
2. V. Hariharan and
3. Joseph Massey.

Since the Company was established on September 7, 2007, there are no audited financials for the last three years

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

SAFAL National Exchange of India Limited

Corporate Information

SAFAL National Exchange of India Limited was incorporated as a public limited company on September 20, 2006 for the purpose of spot trading in horticulture, floriculture, dairy and allied produce and products. Its registered office is located Safal Market, Whitefield –Hoskote Highway, Bangalore- 560 067.

Shareholding pattern as on Deecember 31, 2007

Name of shareholder	Number of Equity Shares	% shareholding
Mother Dairy Fruit and Vegetable Private Limited	9,690,000	51.00
MCX	5,700,000	30.00
FTIL	3,610,000	19.00
Total	19,000,000	100.00

Board of Directors

The board of directors of this company consists of:

1. Amrita Patel
2. Jignesh Shah
3. Deepak Tikku
4. Joseph Massey
5. V Hariharan
6. Nisar Ahmed Shaikh; and
7. Ramachandran Nathan Kutty.

Financial Performance

Since the Company was incorporated in September 2006, there is no audited financial information available for fiscals 2005 and 2006.
The audited financial results of Safal National Exchange of India Limited for fiscal 2007 are as follows:

(In Rs. Million except per share data)

	Fiscal 2007*
Income	-
Profit/ Loss after tax	-
Equity Share Capital	10.00
Reserve and Surplus	-
Earning per Share (of Rs. 10 each)	-
Net Asset Value per share (of Rs.10 each)	8.20

**No profit and Loss computed for fiscal 2007*

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

FT Group Investment Private limited

Corporate Information

FT Group Investment Private Limited was incorporated on March 28, 2007 for the purpose of global business of information technologies and exchange related activities including related investments in shares and securities of various related business activities. Its registered office is located 1st Floor, Manor House, Crn Saint George/Chazal Street, Port Louis, Republic of Mauritius.

Shareholding pattern as on December 31, 2007 is:

Name of shareholder	Number of Equity Shares	% shareholding
Financial Technologies (India) Limited	60,002	100.00
Total	60,002	100.00

Board of Directors

1. Mr. Dhanun Ujoodha; and
2. Mr. Sushil Kumar Jogoo

Financial Performance

(In Rs. million except per share data)

	Fiscal 2007
Income	-
Profit/ Loss after tax	(0.26)
Equity Share Capital	0.00
Reserve and Surplus	(0.26)
Earning per Share (of Rs. 39.67 each)	(0.13)
Net Asset Value per share (of Rs. 39.67 each)	0.00

1 U.S. Dollar (USD) = Rs. 39.67 *(Source: RBI Reference Rate)*

Knowledge Assets Private limited ("KAPL")

Corporate Information

Knowledge Assets Private Limited was incorporated on March 28, 2007 for the purpose of carrying on the business of information technologies and exchange related activities and makes global investments in shares and securities of various listed and unlisted companies. Its registered office is located 1st Floor, Manor House, Crn Saint George/Chazal Street, Port Louis, Republic of Mauritius

Shareholding pattern as on Decmeber 31, 2007

Name of shareholder	Number of Equity Shares	% shareholding
Financial Technologies (India) Limited	10,002	100.00
Total	10,002	100.00

Board of Directors

1. Mr. Dhanun Ujoodha
2. Mr. Sushil Kumar Jogoo

Financial Performance

The unaudited financial results of KAPL for fiscal 2007 are as follows:

(In Rs. Million except per share data)

	Fiscal 2007
Income	-
Profit/ Loss after tax	(0.26)
Equity Share Capital	0.00
Reserve and Surplus	(0.26)
Earning per Share (of Rs. 39.67 each)	(0.13)
Net Asset Value per share (of Rs. 39.67 each)	0.00

1 U.S. Dollar (USD) = Rs. 39.67 *(Source: RBI Reference Rate)*

RELATED PARTY TRANSACTIONS

For details of Related Party Transactions, please refer to the Section titled "Financial Statements" on page 199 of the Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends is recommended by our Board of Directors and approved by our shareholders. The declaration of dividend will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend. The dividend paid by the Company since its incorporation is as provided herein:

	Fiscal 2003	**Fiscal 2004**	**Fiscal 2005**	**Fiscal 2006**	**Fiscal 2007**	**Fiscal 2008**
Face value of Equity Share (per share)**	10	10	10	10	10	10
Dividend on Equity Shares (in Rs. million)	Nil	Nil	21.51	77.91	857.64	195.38
Dividend rate (%)	N.A.	N.A.	10%	20%	220%	50%*
Dividend tax (in Rs. million)	N.A.	N.A.	3.02	10.93	120.27	33.20

*50 % Interim Dividend on September 1, 2007.
** Equity shares of Rs. 10 each were subdivided to equity shares of Rs. 5 each on September 1, 2007.

At present our Company's dividend policy is to distribute up to 75% of the amount eligible for distribution as Dividend after complying with the provisions of the Companies Act as interim / final dividend to its shareholders

However, the amounts paid as dividends in the past are not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future.

SECTION V

FINANCIAL STATEMENTS

To,
The Board of Directors,
Multi Commodity Exchange of India Limited
102-A, Landmark, Suren Road,
Chakala, Andheri (East),
Mumbai – 400 093

Dear Sirs,

Re: Proposed public issue of 10,000,000 equity shares of Rs. 5 each for cash, consisting of a fresh issue of 6,000,000 equity shares ("fresh issue") by Multi Commodity Exchange of India Limited and an aggregate offer for sale of 4,000,000 equity shares by Financial Technologies (India) Limited and Corporation Bank.

We have examined the financial information of Multi Commodity Exchange of India Limited ('the Company') described below in A and B and annexed to this report for the purpose of inclusion in the Prospectus. The financial information has been prepared in accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ('SEBI') -(Disclosure and Investor Protection) Guidelines, 2000 (the 'Guidelines') as amended upto December 3, 2007 and related clarifications thereto issued by SEBI under section 11 of the Securities and Exchange Board of India Act, 1992 and terms of reference agreed upon by us with the Company. The financial information has been prepared by the Company and approved by its Board of Directors.

A. Financial Information as per Audited Financial Statements:

We have examined:

a) the attached summary statement of profits and losses of the Company for the financial years ended March 31, 2003, 2004, 2005, 2006 and 2007 and nine months ended December 31, 2006 and 2007, as restated, (Annexure I);

b) the attached summary statement of assets and liabilities as at financial years ended March 31, 2003, 2004, 2005, 2006 and 2007 and nine months ended December 31, 2006 and 2007, as restated, (Annexure II);

c) the attached statement of cash flows, as restated, for the financial years ended March 31, 2003, 2004, 2005, 2006 and 2007 and nine months ended December 31, 2006 and 2007 (Annexure III); and

d) the significant accounting policies adopted by the Company as at and for the nine months ended December 31, 2007 and notes to the summary statements (Annexure IV); together referred to as the 'Summary Statements'.

The Summary Statements have been extracted from (a) the financial statements of the Company, approved by the Board of Directors, audited (1) by Mukesh P. Shah & Co., Chartered Accountants as at and for the financial year ended March 31, 2003 and (2) by us as at and for the years ended March 31, 2004, 2005, 2006 and 2007 and adopted by the members and (b) the financial statements of the Company as at and for the nine months ended December 31, 2006 and 2007, approved by the Board of Directors and audited by us and adjusted in accordance with the Guidelines.

Based on our examination and in accordance with the requirements of the Act, SEBI Guidelines and terms of reference agreed upon by us with the Company, we state that:

i. the restated profits/ losses of the Company for the financial years ended March 31, 2003, 2004, 2005, 2006 and 2007 and nine months ended December 31, 2006 and 2007 are as set out in Annexure I, which have been arrived at after making such adjustments and regroupings to the audited financial statements as, in our opinion are appropriate and are to be read with the significant accounting policies and notes in Annexure IV;

ii. the restated assets and liabilities of the Company as at March 31, 2003, 2004, 2005, 2006 and 2007 and as at December 31, 2006 and 2007 are as set out in Annexure II, which are after making such adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes in Annexure IV;

iii. the cash flows of the Company for the financial years ended March 31, 2003, 2004, 2005, 2006 and 2007 and nine months ended December 31, 2006 and 2007 are as set out in Annexure III;

iv. the dividends paid by the Company on equity shares are as disclosed in statement of dividends paid (Annexure V);

v. in respect of financial information contained in the Summary Statements, as restated, relating to the year ended March 31, 2003, we have relied upon the accounts of the Company audited and reported upon by M/s Mukesh P. Shah & Co., Chartered Accountants;

vi. there are no qualifications in the auditors' reports that require any adjustment to the Summary Statements;

vii. attention is invited to notes 15 and 16 of Annexure IV being matters reported in our auditors' reports for the year ended March 31, 2007 and nine months ended December 31, 2006 and 2007 without qualifying our opinions for the reasons stated below:

    1. note 15 regarding penalties credited to Profit and Loss Account considering the same to be non prescribed on the basis of submission made to the Authority and classifying the same as contingent liability and retention of amounts under current liabilities pending formation of the Trust as detailed in the said note.

    2. note 16 regarding maintenance of moneys earmarked for Settlement Guarantee Fund including income earned thereon (amount unascertained) in a separate account and disclosure for the reasons stated in the said Note

viii. there are no extra-ordinary items in any of the financial statements that need to be disclosed separately in the Summary Statements.

B. Other Financial Information As Per Audited Financial Statements

We have also examined the following financial information relating to the Company, which is based upon the Summary Statements/ audited financial statements and approved by the Board of Directors for the purpose of inclusion herein:

i. Principal terms of loans taken and assets charged as securities (Annexure VI)

ii. Statement of accounting ratios (Annexure VII)

iii. Tax shelter statement (Annexure VIII)

iv. Capitalisation statement (Annexure IX)

v. Statement of other income (Annexure X)

vi. Statement of sundry debtors and loans and advances (Annexure XI)

vii. Statement of investments (Annexure XII)

In respect of 'Other financial information' stated above, we have relied upon the audited financial statements for the year ended March 31, 2003 which were audited and reported by M/s Mukesh P.Shah & Co., Chartered Accountants, as stated above.

In our opinion, the financial information of the Company attached to this report, as mentioned in paragraph (B) above, read with significant accounting policies and notes as annexed to this report, and after making such adjustments as are considered appropriate, has been prepared in accordance with Part II (B) of Schedule II of the Act and the SEBI Guidelines.

This report should not in any way be construed as a reissuance or redating of the previous audit report by the other firm of Chartered Accountants nor should this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Deloitte Haskins & Sells
Chartered Accountants

P.R. Barpande
Partner
Membership No. 15291

Place: Mumbai
Dated: February 13, 2008

ANNEXURE I: SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. Million)

	Financial year ended					Nine months ended	
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Income							
Transaction fees	-	-	53.07	531.74	1,102.86	791.35	985.78
Membership Admission fees	-	42.19	217.44	266.61	416.13	226.69	63.07
Annual subscription fees	-	-	16.45	25.80	39.33	29.50	71.43
Terminal charges	-	-	10.62	30.08	32.09	23.98	19.22
Content development/ know-how fees	-	-	-	45.79	-	-	-
IT Enabled/Software related services					65.39	-	59.97
Total	**-**	**42.19**	**297.58**	**900.02**	**1,655.80**	**1,071.52**	**1,199.47**
Other Income	-	1.57	38.96	143.87	407.52	302.17	383.58
Total Income	**-**	**43.76**	**336.54**	**1043.89**	**2,063.32**	**1,373.69**	**1,583.05**
Expenditure							
Staff costs	-	4.42	19.66	62.30	161.85	108.76	201.22
Administration and other operating expenses (Refer Note 5 to Annexure IV – II)	-	48.74	121.72	291.25	524.42	360.59	580.77
Depreciation/ amortisation	-	22.92	38.34	57.12	89.71	64.11	85.08
Interest	-	1.85	0.24	0.92	6.06	3.46	0.15
Total Expenditure	**-**	**77.93**	**179.96**	**411.59**	**782.04**	**536.92**	**867.22**
Net (loss)/profit before tax and exceptional expenses	**-**	**(34.17)**	**156.58**	**632.30**	**1,281.28**	**836.77**	**715.83**
Exceptional expenses (Refer Note 14 to Annexure IV –II)	-	-	-	-	15.56	15.56	-
Net (loss)/profit before tax	-	**(34.17)**	**156.58**	**632.30**	**1,265.72**	**821.21**	**715.83**
Provision for tax							
- Current tax	-	-	17.20	163.39	321.60	204.91	170.12
- Prior period tax	-	-	-	2.48	1.99	1.99	-
- Deferred tax	-	-	28.22	7.76	5.98	7.63	(11.23)
- Wealth tax	-	-	-	0.07	0.21	0.16	0.37
- Fringe benefit tax	-	-	-	2.22	5.57	4.07	9.12
Net (loss)/profit after tax as per audited financial statements	**-**	**(34.17)**	**111.16**	**456.38**	**930.37**	**602.45**	**547.45**
Impact of changes in accounting policies and prior period adjustments [Refer Note 1 to Annexure IV-II]	(7.37)	17.14	(13.03)	0.65	1.99	1.99	-
Net (loss)/profit, as restated	**(7.37)**	**(17.03)**	**98.13**	**457.03**	**932.36**	**604.44**	**547.45**
Balance brought forward from previous year, as restated	-	(7.37)	(24.40)	49.20	371.69	371.69	231.13

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
(Loss)/profit before appropriation, as restated	**(7.37)**	**(24.40)**	**73.73**	**506.23**	**1,304.05**	**976.13**	**778.58**
Appropriations:							
Interim dividend	-	-	-	-	857.64	662.27	195.38
Proposed dividend on equity shares	-	-	21.51	77.91	-	-	-
Corporate dividend tax	-	-	3.02	10.93	120.28	92.88	33.20
Transfer to general reserve	-	-	-	45.70	95.00	-	-
Balance carried to balance sheet, as restated	**(7.37)**	**(24.40)**	**49.20**	**371.69**	**231.13**	**220.98**	**550.00**

The accompanying significant accounting policies and notes are an integral part of this statement (Annexure IV)

ANNEXURE II: SUMMARY STATEMENT OF ASSETS AND LIABLITITES, AS RESTATED

(Rs. Million)

		As at						
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
A.	**Fixed Assets :**							
	Gross block	0.01	168.57	234.38	450.83	1,110.77	572.77	1,221.62
	Less : Depreciation/ amortisation	-	22.92	60.97	117.97	207.63	182.03	291.07
	Net block	0.01	145.65	173.41	332.86	903.14	390.74	930.56
	Add: Capital work-in-progress	35.00	-	4.50	11.82	390.90	677.77	418.75
	Total (A)	**35.01**	**145.65**	**177.91**	**344.68**	**1,294.04**	**1,068.51**	**1,349.31**
B.	**Investments (B)**	**-**	**-**	**467.04**	**5,287.86**	**3,167.35**	**4,985.16**	**5,118.92**
C.	**Deferred tax asset (net) (C)**	**0.32**	**9.84**	**-**	**-**	**-**	**-**	**-**
D.	**Current Assets, Loans and Advances :**							
	Sundry debtors	-	-	13.98	85.30	165.27	89.52	126.84
	Cash and bank balances	0.39	109.74	545.18	436.54	1,905.05	410.35	1,007.51
	Loans and advances	0.06	4.52	43.29	165.65	157.73	168.55	790.30
	Total (D)	**0.45**	**114.26**	**602.45**	**687.49**	**2,228.05**	**668.42**	**1,924.65**
	Total (A+B+C+D)	**35.78**	**269.75**	**1,247.40**	**6,320.03**	**6689.44**	**6,722.09**	**8,392.88**
E.	**Liabilities and Provisions:**							
	Secured loans	-	1.33	0.43	-	-	-	-
	Unsecured loans	7.53	9.31	-	-	-	-	-
	Current liabilities and provisions	35.12	128.81	944.45	3,328.87	3,737.64	3,877.95	5,134.99
	Total (E)	**42.65**	**139.45**	**944.88**	**3,328.87**	**3,737.64**	**3,877.95**	**5,134.99**
F.	**Deferred tax liability (net) (F)**	**-**	**-**	**28.22**	**35.66**	**35.24**	**36.90**	**24.01**
G.	**Networth (A+B+C+D-E-F)**	**(6.87)**	**130.30**	**274.30**	**2,955.50**	**2,916.56**	**2,807.24**	**3,233.88**
H.	**Represented by**							
	5. Share capital [Refer Note 10 to Annexure IV]	0.50	150.50	215.10	389.57	390.75	389.57	390.75

		As at						
		March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
	6. Share application money (Allotted subsequently)	-	4.20	10.00	-	-	-	-
	7. Stock Option Outstanding Account	-	-	-	0.73	2.50	3.18	3.96
	8. Reserves and Surplus							
	- Securities Premium Account	-	-	-	2,147.81	2,151.48	2,147.81	2,148.48
	- General Reserve	-	-	-	45.70	140.70	45.70	140.69
	- Balance in Profit and Loss Account	(7.37)	(24.40)	49.20	371.69	231.13	220.98	550.00
	Total (H)	**(6.87)**	**130.30**	**274.30**	**2,955.50**	**2,916.56**	**2,807.24**	**3,233.88**
I.	**Miscellaneous expenditure (I) [Refer Note 1(a) of Annexure IV- II]**	-	-	-	-	-	-	-
J.	**Networth (H-I)**	**(6.87)**	**130.30**	**274.30**	**2,955.50**	**2,916.56**	**2,807.24**	**3,233.88**

The accompanying significant accounting policies and notes are an integral part of this statement (Annexure IV-I)

ANNEXURE III: STATEMENT OF CASH FLOWS, AS RESTATED.

(Rs. Million)

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Cash flow from operating activities							
Net (loss)/profit before tax as restated (Refer note 5 below)	(7.69)	(26.55)	155.87	632.14	1,265.72	821.21	715.83
Adjustments for:							
Depreciation/amortization	-	22.92	38.34	57.12	89.71	64.11	85.08
Interest expenses	-	1.85	0.24	0.92	6.06	-	-
Dividend from investment	-	-	(2.71)	(85.22)	(245.45)	(192.18)	(135.81)
Depreciation written back					(0.04)	(0.03)	-
Dimunition in value of Investment						0.13	0.04
Loss on surrender of premises	-	-	0.95	-	-	-	
Exchange difference (net)	-	-	-	1.61	-	-	
Employee stock option compensation cost	-	-	-	0.27	1.19	0.89	0.52
Compensation cost stock option (Holding Company)	-	-	-	0.47	2.12	1.56	0.93
Profit on sale of investment (net)	-	-	-	(1.35)	(33.60)	(29.25)	(79.00)
Loss on sale of assets or assets scraped	-	-	-	-	0.01	-	0.25
Interest income	-	(1.01)	(23.98)	(20.87)	(30.51)	(12.35)	(80.95)
Operating (loss)/profit before working capital changes	**(7.69)**	**(2.79)**	**168.71**	**585.09**	**1,055.21**	**654.09**	**506.89**
Adjustments for:							
Trade and other receivables	(0.06)	(4.25)	(47.77)	(708.08)	(71.74)	(6.81)	(31.88)
Trade payables and provisions	35.12	128.70	781.94	2,323.64	481.52	555.14	1,417.81

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Cash generated from operations	**27.37**	**121.66**	**902.88**	**2,200.65**	**1,464.99**	**1,202.42**	**1,892.82**
Taxes paid	-	(0.21)	(15.50)	(166.24)	(320.07)	(213.75)	(459.31)
Net cash generated from operating activities	**27.37**	**121.45**	**887.38**	**2,034.41**	**1,144.92**	**988.67**	**1,433.51**
Cash flow from investing activities							
Additions to fixed assets	(35.01)	(18.56)	(71.55)	(223.77)	(1,039.06)	(786.43)	(144.83)
Deletion / Adjustment to Fixed Assets	-	-	-	-	1.50	-	-
Purchase of investments (including fixed deposits placed)	-	-	(967.77)	(12,809.96)	(39,695.65)	(29,059.81)	(67,271.59)
Redemption/sale of investment (Including fixed deposits)	-	-	40.00	8,717.97	40,906.65	29,343.81	65,486.55
Dividend from investment	-	-	2.71	85.22	245.45	192.18	135.81
Interest received	-	1.01	14.91	24.76	20.56	12.23	61.72
Net cash (used in)/ generated from investing activities	**(35.01)**	**(17.55)**	**(981.70)**	**(4,205.78)**	**439.45**	**(298.02)**	**(1,732.34)**
Cash flow from financing activities							
Proceeds from borrowings	7.53	3.10	-	-	-		
Repayment of borrowings	-	-	(10.20)	(0.43)	-		
Proceeds from:							
- Equity share capital	0.50	-	60.40	164.47	1.19		
- Securities premium	-	-	-	2,228.93	2.13		-
- Share application money	-	4.20	10.00	-	-		-
- Share issue expenses adjusted in Securities Premium Account	-	-	-	(81.13)	-		(0.50)
Dividend paid (including tax thereon)	-	-	-	(24.53)	(1,066.18)	(764.78)	(229.17)

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Interest paid	-	(1.85)	(0.24)	(0.92)	(6.06)	-	-
Net cash generated from /(used in) financing activities	**8.03**	**5.45**	**59.96**	**2,286.39**	**(1,068.92)**	**(764.78)**	**(229.67)**
Net cash flows during the years	**0.39**	**109.35**	**(34.36)**	**115.02**	**515.45**	**(74.13)**	**(528.50)**
Net increase/ (decrease) in cash and cash equivalents	**0.39**	**109.35**	**(34.36)**	**115.02**	**515.45**	**(74.13)**	**(528.50)**
Cash and cash equivalents (opening balance)	-	0.39	109.74	75.38	190.40	190.40	705.85
Cash and cash equivalents (closing balance)	0.39	109.74	75.38	190.40	705.85	116.27	177.35

Notes to statement of cash flow, as restated:

1. Purchases of fixed assets are stated inclusive of movements of capital work in progress between the commencement and end of the year and are considered as part of investing activities.

2. The statement of cash flow has been prepared under the "Indirect Method" as set out in Accounting Standard 3 ('AS 3') on 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.

3. Closing balance of Cash and cash equivalents consists of

(Rs. Million)

	Financial year ended					Nine months ended	
	March 31, 2003	**December 31, 2006**	**December 31, 2006**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Cash and cheques on hand	0.24	0.01	1.20	26.55	49.23	0.19	0.15
Bank Balances:							
- in current accounts	0.15	11.97	14.63	143.85	51.88	116.08	169.08
- in deposit accounts	-	97.76	59.55	20.00	604.74	-	8.12
	0.39	109.74	75.38	190.40	705.85	116.27	177.35

4. Fixed Deposits with banks with maturity period of more than three months are classified and grouped in investing activities and not included in cash and cash equivalents.

5. (Loss)/Profit before tax, as restated is computed as under:

(Rs. Million)

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Net (Loss)/Profit before tax as per audited financial statements (A)	-	(34.17)	156.58	632.30	1,265.72	821.21	715.83
Adjustment on account of change in accounting policies and prior period items: [Refer Note 1 to Annexure IV-II]							
Pre-operative expenses	(6.19)	6.19	-	-	-	-	-
Preliminary expenses	(0.90)	0.90	-	-	-	-	-
Prior period expenses	(0.60)	0.53	(0.71)	0.78	-	-	-
Employee benefits	-	-	-	(0.94)	-	-	-
Total of adjustments (B)	**(7.69)**	**7.62**	**(0.71)**	**(0.16)**	**-**	-	
(Loss)/profit before tax as restated (A+B)	**(7.69)**	**(26.55)**	**155.87**	**632.14**	**1,265.72**	**821.21**	**715.83**

ANNEXURE IV: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE SUMMARY STATEMENTS

I. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation of financial statements

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956.

B. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/materialize.

C. Fixed Assets (Tangible Assets)

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any.

D. Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortization and impairment loss, if any.

E. Depreciation and amortisation

Depreciation and amortization on assets other than leasehold improvements, networking equipments (“VSAT”), computer software, trademark and copyrights has been provided for on Straight Line Method (“SLM”) at the rates and in the manner prescribed in Schedule – XIV of the Companies Act, 1956. Leasehold improvements are depreciated over the period of the lease and VSAT are depreciated over a period of sixty months using SLM. Computer software, trademark and copyrights are amortized over a period of sixty months on SLM.

F. Revenue Recognition

Revenue (income) is recognized when no significant uncertainty as to measurement and realization exists.

a) Admission Fees (non refundable) collected from new members for joining the commodity exchange are recognized when received.

b) Annual subscription fees (non refundable) are collected from members and accrued annually.

c) Transaction fees are charged to members based on the volume of transactions entered into by the members through the exchange. These are accrued when orders placed by members on the network are matched and confirmed.

d) Revenue from terminal charges is accrued on creation of new chargeable user identification.

e) Revenue from fixed price information technology (IT) enabled service contracts is recognized when the related services are rendered and accepted by the customer in accordance with the terms of the respective contracts.

f) Dividend income is recognised when the Company's right to receive dividend is established. Interest income is recognised on time proportion basis.

G. Foreign Exchange Transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are affected. Exchange differences arising on repayment of foreign currency liabilities incurred for the purpose of acquiring fixed assets from a country outside India are adjusted in the carrying amount of the respective fixed assets. Exchange differences arising on settlement of all other transactions are recognized in the Profit and Loss Account.

Monetary items (other than those related to acquisition of fixed assets from a country outside India) denominated in foreign currency are restated using the exchange rate prevailing at the date of the balance sheet and the resulting net exchange difference is recognized in the Profit and Loss Account. The exchange gain/loss arising on restatement of foreign currency liability relating to fixed assets acquired from a country outside India is adjusted in the value of the related fixed assets. Non monetary items denominated in foreign currency are carried at historical cost.

H. Employee Benefits

Post employment benefits and other long term benefits

Payments to defined contribution retirement schemes viz. provident fund and employee state insurance, are expensed as incurred.

For defined benefit schemes viz. gratuity, leave encashment expected to occur after 12 months and other long term post employment schemes of the Company, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets.

Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year and performance incentives.

I. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

J. Investments

Current investments are carried at lower of cost and fair value. Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

K. Income taxes

Income taxes are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", (AS 22) issued by The Institute of Chartered Accountants of India ('ICAI'). Tax expense comprises current tax deferred tax, fringe benefit tax and wealth tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income-Tax Act, 1961. The Company recognises deferred tax (subject to consideration of prudence) based on the tax effect of timing differences, being differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the statement of profit and loss using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each Balance Sheet date, the Company reassesses unrealized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be. Fringe benefit tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961, and the Guidance note on Fringe Benefit Tax issued by the ICAI.

L. Operating Leases

Assets taken on lease under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on straight line basis.

M. Stock based compensation

The Company applies the intrinsic value-based method of accounting prescribed by The Institute of Chartered Accountants of India ('ICAI') in its Guidance Note 'Accounting for employee share based payments' to account for its fixed stock option plans. Under this method, compensation cost is determined on the date of grant only if value of the underlying share determined by an independent valuer exceeds the exercise price of the option on that date and if it does, the excess is amortised over the service period. The disclosures are made in the financial statements in accordance with the aforesaid guidance note (see Note 15).

N. Share issue expenses

Share issue expenses are written off against Securities Premium Account.

O. Impairment of fixed assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at lower of historical cost or recoverable amount.

P. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized, but are disclosed in the notes forming part of accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

II. NOTES TO THE SUMMARY STATEMENTS:

1. Impact of changes in accounting policies, and prior period adjustments.

(Rs. Million)

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
(Loss)/Profit after tax as per audited financial statements (A)	**-**	**(34.17)**	**111.16**	**456.38**	**930.37**	**602.45**	**547.45**
Adjustment on account of change in accounting policies and prior period items:							
Pre-operative expenses [Refer Note 1(a) to Annexure IV-II]	(6.19)	6.19	-	-	-	-	-
Preliminary expenses [Refer Note 1(a) to Annexure IV-II]	(0.90)	0.90	-	-	-	-	-
Prior period adjustments [Refer Note 1(b) to Annexure IV-II]	(0.60)	0.53	(0.71)	0.78	-	-	-
Deferred Tax [Refer Note 1(c) and (e) to Annexure IV-II]	-	9.84	(9.84)	0.32	-	-	-
Current Tax [Refer Note 1(d) to Annexure IV-II]	**-**	**-**	(2.48)	0.49	1.99	1.99	-
Employee benefits [Refer Note 1(e) to Annexure IV-II]	**-**	**-**	**-**	(0.94)	**-**	-	**-**
Total of adjustments	**(7.69)**	**17.46**	**(13.03)**	**0.65**	**1.99**	**1.99**	**-**
Tax impact on above adjustments [Refer Note 1(d) to Annexure IV-II]	0.32	(0.32)	-	-	-	-	-
Total of adjustments – net of tax impact	**(7.37)**	**17.14**	**(13.03)**	**0.65**	**1.99**	**1.99**	**-**

	Financial year ended					Nine months ended	
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
(B)							
Adjusted (Loss)/profit (A+B)	**(7.37)**	**(17.03)**	**98.13**	**457.03**	**932.36**	**604.44**	**547.45**

Notes on re-statement / adjustments

a. Preoperative and preliminary expenses

The Company early adopted Accounting Standard 26 ('AS 26') on 'Intangible Assets' during the year ended March 31, 2004 and fully wrote off the balance of preoperative expenses and preliminary expenses as on April 1, 2003 to the profit and loss account in the year ended March 31, 2004. These expenses have now been charged to the summary statement of profits and losses in the financial year ended March 31, 2003 since pertaining to that year.

b. Prior period adjustments

Items of income and expenditure have been retrospectively adjusted in arriving at the profits of the years/periods to which they relate although the event triggering the income or expense occurred in the subsequent years, as per SEBI Guidelines.

c. Deferred tax

As at March 31, 2004, the Company had a net deferred tax asset (mainly on account of carry forward loss and unabsorbed depreciation) aggregating to Rs.9.84 Million, which was not recognized in the financial statements of the Company for the year then ended considering the requirement of the Accounting Standard ('AS – 22') on 'Accounting for taxes on Income' regarding virtual certainty. For the purpose of restated Summary Statements, the said deferred tax asset has been recognized for the year ended March 31, 2004 on the basis that it has been entirely utilized during the year ended March 31, 2005 and to have comparability among the years presented.

d. Current Tax

Short Provision for taxation in respect of earlier years as reported in the financial statements for the financial years ended March 31, 2006 and March 31, 2007 have been adjusted in the summary of statement of profits and losses in the years to which these amounts pertain.

e. Employee benefits

During the year ended March 31, 2007, consequent to revised Accounting Standard 15 "Employee Benefits" (AS-15), read with recent guidance on implementation of AS-15 issued by the Institute of Chartered Accountants of India, effective from April 1, 2007 and adopted earlier, the Company has reviewed and revised accounting policy in respect of employee benefits. In accordance with the transitional provision contained in the AS-15, the net difference of Rs.0.94 million between the liability in respect of gratuity and leave encashment existing on the date of adoption and the liability that would have been recognised at the same date under the previous accounting policy, net of deferred tax of Rs.0.32 million was adjusted against the balance in the general reserve as at April 1, 2006. This has now been charged to the summary statement of profit and losses in the financial year ended March 31, 2006 since pertaining to that year.

f. Tax impact of adjustments.

Tax impact of adjustments pertains to tax effect on restatement adjustments provided at the tax rates applicable in the respective years.

g. Reduction/rebate in the value of fixed assets

A reduction/rebate in the value of fixed assets aggregating to Rs. 1.48 million accounted in the year ended March 31, 2007 has been adjusted in the cost of fixed assets in the year March 31, 2006 being the year of acquisition of asset. However, depreciation, being immaterial has not been adjusted.

2. Change in estimate not requiring restatement:

Up to March 31, 2004, the Company amortised its 'operation computer software' to revenue uniformly over a period of thirty six months. During the year ended March 31, 2005, the Company had re-estimated the useful life of the software from thirty six months to sixty months with effect from April 1, 2004. A revision in the useful life of software being a change in accounting estimate, in accordance with Accounting Standard ('AS 5') on 'Net profit or loss for the period, prior period items and changes in accounting policies', the change has been adjusted prospectively over the remaining useful life of the software.

3. During the year ended March 31, 2006, the Company promoted two subsidiary companies, namely National Bulk Handling Corporation Limited and National Spot exchange Limited where the Company's shareholding was 100% and 59.80% respectively in those companies aggregating to Rs.0.80 Million. Since the investments were made by the Company exclusively with the view to dispose off the said investments in the near future, before the year end these investments were sold to the Company's holding company at cost considering the financial position of such subsidiaries at that point of time. On that basis, and considering the principle of exclusion of subsidiaries from consolidation on account of temporary control as enunciated by Accounting Standard ('AS 21') 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, the financial results of such companies have not been considered for the purpose of consolidation of financial statements of the Company.

4.

(Rs. million)

		At						
		March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
a.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	65.00	0.45	4.34	1.03	22.82	204.24	118.97
b.	Contingent liabilities :							
	i) Penalty income payable to investor protection fund (Refer Note 15 below)	-	-	-	-	25.95	17.99	43.78
	ii) Claims against the Company not acknowledged as debts (this includes Rs. 149.94 million							

	At						
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
relating to a claim by ICICI Bank alleging investments by a fraudulent accused in the commodity exchanges. The Company has filed a writ petition in the Mumbai High Court for setting aside the aforesaid order on various grounds and the Court has granted ad interim relief. The case is yet to be heard and the Company expects the matter to be decided in its favour).	-	-	-	-	-	-	153.65

5. Administration and other operating expenses include:

(Rs. million)

	Financial year ended					Nine months ended	
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Software support charges (see note no. 3 below)	-	-	25.50	61.50	79.21	57.60	108.25
Rent charges	-	3.05	4.81	18.59	34.03	23.39	56.89
Service charges	-	-	4.35	10.32	10.31	6.03	16.12
Outsourced service charges	-	-	-	-	-	-	18.75
Advertisement expenses	-	9.96	13.52	43.26	61.37	55.70	45.72
Business promotion / development expenses (see note no. 2 below)	-	2.02	4.14	35.70	21.18	11.52	20.41
Sponsorship and seminar expenses	-	0.49	6.02	11.16	54.91	32.88	13.31
Travelling and conveyance	-	2.62	10.28	16.02	30.78	21.10	28.71

	Financial year ended					Nine months ended	
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Communication expenses	-	1.53	8.51	18.12	26.01	18.29	22.90
Legal and professional charges	-	6.09	11.27	21.33	48.45	31.53	48.91
Infrastructure commitment charges	-	-	-	-	18.00	13.50	27.00
License fees	-	-	-	-	23.39	14.21	49.03
Contribution to Investor Protection Fund	-	-	-		2.50	1.88	1.88
Pre-operative expenses written off [Refer Note 1(a) to Annexure IV-II]	-	6.19	-	-	-	-	-
Preliminary expenses written off [Refer Note 1(a) to Annexure IV-II]	-	0.90	-	-	-	-	-
Repairs and Maintenance	-	0.65	1.24	16.79	30.44	21.69	17.51
Other operating expenses	-	15.24	32.08	38.46	83.84	51.27	105.38
Total Administration and other operating expenses (excluding exceptional expenses)		**48.74**	**121.72**	**291.25**	**524.42**	**360.59**	**580.77**

Note:

1. The above expenses exclude Advertisement and Sponsorship expenses incurred during Fiscal 2007 which are considered and disclosed as Exceptional Expenses (Refer Note 14 to Annexure IV-II)
2. Business Promotion / Development Expenses include the expenses reimbursed to parties for conducting training at various locations, distributing literature on the Company's business and infrastructure cost in relation thereto.
3. On executing the comprehensive support services agreement the Company's expenditure under repairs and maintenance and outsourced service charges has decreased.

6. The Company receives non-refundable deposits from members for networking equipment ('VSAT') installed at the members' locations. VSATs can be surrendered to the Company subject to certain conditions. A member can transfer the VSAT facility to another member subject to prior approval of the Company and certain other conditions. The Company amortises the deposit received by credit to the revenue over a period of sixty months to match with the sixty months period over which depreciation on VSAT equipment is provided. Accordingly, the Company appropriates amounts (as stated below) from the deposits and includes the same under Other Income.

(Rs. million)

		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
a.	Aggregate amount received from members towards deposits (non-refundable) for VSAT and outstanding at the year end / period net of appropriation	-	13.84	50.41	73.65	78.90	78.91	68.51
b.	Appropriation from the deposits for the year / period and included in other income.	-	0.53	6.83	16.42	27.20	21.50	25.48

7. Segment reporting

Primary Segment

The Company considers business segment (business of facilitating trading in commodities and incidental activities thereto) as its primary segment considering the risks and rewards of the services offered, nature of services, management structure and system of financial reporting. In the opinion of the management, the Company has only one reportable business segment, the results of which are disclosed in the financial statements.

Secondary Segment

Revenue and segment debtors attributable to location of customers is as follows:

(Rs. million)

Geographic Location	Revenue from external customers for financial year ended March 31, 2006	Revenue from external customers for financial year ended March 31, 2007	Revenue from external customers for financial period ended December 31, 2006	Revenue from external customers for financial period ended December 31, 2007
Within India	854.23	1,590.41	1,071.52	1,139.50
Outside India	45.79	65.39	-	59.97
Total	**900.02**	**1,655.80**	**1,071.52**	**1,199.47**

In the previous years, the entire revenue was attributable to the customers within India.

Segment assets and total cost incurred on acquisition of fixed assets is in respect of assets located in India for all the years/period presented.

8. The Company has entered into operating lease agreements for its office premises for a period ranging from 18 to 60 months. The lease rental expenses recognized in the profit and loss account during the

financial years and the future minimum lease payments under non cancellable operating leases are as under:

(Rs. million)

	Financial year ended					Nine months ended	
	March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Lease rentals	-	3.05	4.82	6.98	30.53	23.39	56.89
Future minimum lease payments							
Not later than one year	-	-	3.76	6.54	9.34	0.68	56.38
Later than one year and not later than five years	-	-	7.50	1.50	7.00	-	44.70
Later than five years	-	-	-	-	-	-	-

9. Related party information.

(i) Names of related parties and nature of relationship:

	Financial year ended					Nine months ended	
Related parties	**March 31, 2003**	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Company whose control exists (Holding Company):							
Financial Technologies (India) Limited (FTIL) (Refer Note 18 below)	-	w.e.f. August 25, 2003	Y	Y	Y	Y	*
Company having significant influence on the Company:							
Financial Technologies (India) Limited (FTIL)	-	-	-	-	-	-	w.e.f. October 30, 2007
Subsidiaries:							
National Bulk Handling Corporation Limited (NBHCL) - A subsidiary company up to September 29,	-	-	Y	Y	-	-	-

Related parties	Financial year ended March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	Nine months ended December 31, 2006	December 31, 2007
2005 (Date of incorporation-April 20, 2005)							
National Spot Exchange Limited (NSEL) - A subsidiary company up to September 29, 2005(Date of incorporation-May 18, 2005)	-	-	Y	Y	-	-	-
Fellow Subsidiaries:							
National Bulk Handling Corporation Limited (NBHCL) - A fellow subsidiary company from September 30, 2005	-	-	-	Y	Y	Y	*
National Spot Exchange Limited (NSEL) - A subsidiary company from September 30, 2005	-	-	-	Y	Y	Y	*
Financial Technologies Middle East DMCC (Date of incorporation August 1, 2005) (FTME)	-	-	-	Y	Y	Y	*
Ticker Plant Infovending Ltd. (Date of incorporation February 4, 2005)	-	-	-	-	Y	Y	*
atom Technologies Ltd. (Date of incorporation October 13, 2005)	-	-	-	-	Y	Y	*
Riskcraft Consulting Limited (date of incorporation November 28, 2005)	-	-	-	-	Y	Y	*

Related parties	Financial year ended					Nine months ended	
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
IBS Forex Ltd. (Date of incorporation February 9, 2001)	-	-	-	Y	Y	Y	*
Financial Technologies Middle East FZ LLC (Date of incorporation May 22, 2006) (Subsidiary of FTME)	-	-	-	-	Y	Y	*
Indian Energy Exchange Ltd. (Date of incorporation March 26, 2007)	-	-	-	-	Y	-	*
Global Board of Trade Ltd. (Date of incorporation December 18, 2006)	-	-	-	-	Y	-	*
Singapore Mercantile Exchange Pte. Ltd.(Date of incorporation November 15, 2006) (SMX)	-	-	-	-	Y	-	*
Indian Bullion Market Associate Ltd.(Date of incorporation June 15, 2007)	-	-	-	-	Y	-	*
Financial Technologies Communication Ltd.(Date of incorporation March 13, 2007)	-	-	-	-	Y	-	*
Global Payment Networks Ltd.(Date of incorporation March 15, 2007)	-	-	-	-	Y	-	*
FT Group Investment Private Limited (date of incorporation March 29, 2007)	-	-	-	-	Y	-	*

Related parties	Financial year ended March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	Nine months ended December 31, 2006	December 31, 2007
Knowledge Asset Pvt. Ltd.(Date of incorporation March 29, 2007)	-	-	-	-	Y	-	*
Singapore Mercantile Exchange Clearing Corporation PTE Ltd (Subsidiary of SMX)	-	-	-	-	Y	-	*
FT Knowledge Management Company Ltd.(Date of incorporation September 7, 2007)	-	-	-	-	-	-	*
Joint venture company							
Dubai Gold and Commodities Exchange DMCC ('DGCX') - a joint venture in which the company holds 10% share capital (Date of incorporation July 19, 2005).	-	-	Y	Y	Y	Y	Y
Safal National Exchange of India Ltd ('SNX') - a joint venture in which the company holds 30% share capital (Date of incorporation September 20, 2006).	-	-	-	-	Y	-	Y
Key management personnel (KMP)							
Mr. Jignesh Shah (Managing Director)	-	w.e.f. August 1, 2003	Y	Y	Y	Y	Y
Mr. Lamon Rutten (Joint Managing Director)	-	-	-	w.e.f. June 15, 2006	Y	Y	Y
Mr. Joseph Massey	-	w.e.f.	Y	Y	Y	Y	Y

	Financial year ended					Nine months ended	
Related parties	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
(Deputy Managing Director)		May 8, 2003					
Mr. V. Hariharan (Director)	-	-	Y	Y	Y	Y	Y

Note: Y signifies existence of relationship.
* - until October 29, 2007.

(ii) Related party transactions:

(Rs. million)

Sr.No.	Nature of Transaction	Financial Technologies (India) Limited						
		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
A	**Loan taken**							
	Balance - Opening	-	9.83	9.31	-	-	-	-
	Taken during the year / period	-	1.06	-	-	-	-	-
	Repaid during the year / period	-	(1.58)	(9.31)	-	-	-	-
	Balance - Closing	-	9.31	-	-	-	-	-
B	Purchase of tangible and intangible assets	-	80.00	-	100.00	116.01	65.00	37.35
C	Reimbursements charged to the Company							
	Recoveries	-	-	-	0.26	7.38	5.29	4.16
	charged by the Company	-	-	-	4.16	8.74	4.35	4.95
D	Reimbursement of Cost of leasehold improvements and other assets charged by them	-	-	6.97	27.24	0.19	-	-

Sr.No.	Nature of Transaction	Financial Technologies (India) Limited						
		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
E	Rent deposit paid to the holding company	-	-	-	12.55	1.77	1.77	-
	Closing Balance	-	-	-	12.55	14.32	14.32	14.32
F	Rent charges	-	1.75	1.00	14.95	21.51	15.75	18.59
G	Software support charges	-	-	25.50	61.50	79.20	57.60	108.25
H	Repairs and maintenance expenses	-	-	-	9.92	19.80	16.20	10.80
I	Establishment expenses	-	7.00	18.00	9.00	-	-	-
J	Share issue expenses charged	-	-	-	15.91	3.93	3.72	-
K	Rent deposit	-	3.00	-	-	-	-	-
L	Interest charged to the Company	-	0.79	0.14	-	0.40	0.40	-
M	Dividend paid	-	-	-	15.05	601.20	425.85	125.25
N	Shares allotted	-	150.00	-	100.00	-	-	-
O	Sundry creditors, Balance - Closing	-	-	10.41	21.55	47.78	3.72	55.14
P	Sale of investments (Refer note 3 above)	-	-	-	0.80	-	-	-
Q	Software license fees paid	-	-	-	-	7.55	0.52	13.18
R	Outsourced	-	-	-	-	-	-	18.75

Sr.No.	Nature of Transaction	Financial Technologies (India) Limited						
		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
	service charges							
S	Professional charges	-	-	-	-	-	5.97	2.21
T	Service Charges	-	-	-	-	2.01	1.08	2.91

(Rs. million)

Sr.No	Nature of Transaction	Subsidiaries						
		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
A	Advances given:							
	Balance – Opening	-	-	-	3.58	-	-	-
	Given during the year / period	-	-	3.58	7.28	-	-	-
	Repaid during the year / period	-	-	-	0.02	-	-	-
	Balance – Closing	-	-	3.58	10.84*	-	-	-
B.	Investments made during the year / period	-	-	-	0.80	-	-	-
	Balance - closing (refer note 3 above)	-	-	-	-	-	-	-
C	Interest income	-	-	-	0.48	-	-	-
D	Share application money net of shares issued out of application money and disclosed under investments in 'B' above	-	-	-	0.20	-	-	-

Sr.No	Nature of Transaction	Subsidiaries						
		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007

(Rs. million)

Sr.No	Nature of Transaction	Fellow Subsidiaries						
		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
A	Advances given:							
	Balance - Opening	-	-	-	10.84*	8.35	8.35	4.21
	Given during the year / period	-	-	-	10.69	80.31	46.52	63.46
	Repaid during the year / period	-	-	-	(13.18)	(84.45)	(53.77)	(42.66)
B	Reimbursements charged to the Company	-	-	-	0.62	0.69	0.06	10.41
	Recoveries charged by the Company	-	-	-	7.62	16.96	9.20	49.92
C	Infrastructure Commitment Charges to National Bulk Handling Corporation Limited	-	-	-	-	18.00	13.50	27.00
D	IT Enabled / Software related Services provided to Global Board of Trade Limited	-	-	-	-	65.39	-	-
	Singapore Mercantile Exchange Pte	-	-	-	-	-	-	59.97

Sr.No	Nature of Transaction	Fellow Subsidiaries						
		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
	Ltd.							
E	Data request fees charged-Tickerplant	-	-	-	-	-	-	1.66
F	Sundry Debtors as at	-	-	-	-	45.77	-	-
G	Advance received for services from Singapore Mercantile Exchange Pte. Ltd							
	Balance as at	-	-	-	-	19.23	-	-

*During the year ended March 31, 2006, National Bulk Handling Corporation Limited and National Spot Exchange Limited were subsidiaries of the Company up to 29th September 2005, subsequent to which they became fellow subsidiaries of the Company.

(Rs. million)

Sr.No.	Nature of Transaction	Joint venture						
		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
A	Advances given:							
	Balance - Opening	-	-	-	1.92	0.61	0.61	3.76
	Given during the year / period	-	-	1.92	5.95	8.40	8.29	57.40
	Repaid during the year / period	-	-	-	(7.26)	(5.25)	(0.19)	(46.12)
	Balance - Closing	-	-	1.92	0.61	3.76	8.71	15.04
B.	Investments made during the year / period	-	-	-	43.70	3.00	0.15	54.00
	Balance - Closing	-	-	-	43.70	46.70	43.85	94.36
C	Content	-	-	-	45.79	-	-	-

Sr.No.	Nature of Transaction	Joint venture						
		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
	development/ Know-how fees							
D	Reimbursements Charged to the Company				0.32	-	-	-
E	Recoveries charged by the Company	-	-	-	-	5.55	3.78	0.25
F	Share Application Money paid to Safal National Exchange of India Limited and outstanding as at year end	-	-	-	-	2.85	2.85	6.00

(Rs. million)

Sr.No.	Nature of Transaction	Key Managerial Person						
		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
A	Salaries and Allowances: Lamon Rutten	-	-	-	-	15.54*	11.21*	11.32*
B	Salaries and Allowances: Joseph Massey	-	1.16	1.51*	1.75*	4.89*	2.61*	4.72*
C	Dividend paid :							
	Joseph Massey	-	-	-	-	0.01	-	0.01
	V. Hariharan	-	-	-	-	0.08	-	0.08
D	Rent and Service Charges : Jignesh Shah	-	-	-	-	0.40	0.10	0.90
E	Premises and Other	-	-	-	-	0.60	0.60	0.60

Sr.No.	Nature of Transaction	Key Managerial Person						
		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
	Deposits Jignesh Shah							

* Excluding gratuity covered under Group Gratuity Scheme and where separate amount is not identifiable.

(No. of Options after sub-division)

F	Stock Options given to :							
	Joseph Massey							
	Opening Balance	-	-	-	-	20,000	20,000	16,000
	Add : Options granted	-	-	-	20,000	-	-	-
	Less : Exercised during the year / period	-	-	-	-	4,000	-	-
	Closing Balance	-	-	-	20,000	16,000	20,000	16,000
	V.Hariharan							
	Opening Balance	-	-	-	-	165,652	165,652	132,522
	Add : Options granted	-	-	-	165,652	-	-	-
	Less : Exercised during the year	-	-	-	-	33,130	-	-
	Closing Balance	-	-	-	165,652	132,522	165,652	132,522

Out of the above items, transactions with related parties in excess of 10% of the total related party transactions are:

(Rs. million)

Sr. No.	**Nature of transaction**	**Financial year ended**					**Nine months ended**	
		March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
	SUBSIDIARIES							
A	Investments made in :							
	- NBHCL	-	-	-	0.50	-	-	-
	- NSEL	-	-	-	0.30	-	-	-
B	Interest Income from:							
	- NBHCL	-	-	-	0.19	-	-	--
	- NSEL	-	-	-	0.29	-	-	-
C	Share application money (net of allotment)							
	- NSEL	-	-	-	0.20	-	-	-

Sr. No.	Nature of transaction	Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
	FELLOW SUBSIDIARIES							
A	Reimbursement of expenses charged to the company:							
	NBHCL	-	-	-	-	6.93	-	10.05
	NSEL	-	-	-	-	9.01	-	-
B	Recoveries of expenses charged by the Company:							
	IEEL	-	-	-	-	-	-	60.93
	NSEL	-	-	-	-	-	-	87.15

Sr. No.	Nature of transaction	Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
	JOINT VENTURE							
A	Reimbursement of expenses charged to the company: Safal National Exchange of India Limited	-	-	-	-	5.11	38.02	-
B	Investment made Safal National Exchange of India Limited	-	-	-	-	-	0.15	54.00

Notes:

1. Related party relationship is as identified by the Company and relied upon by the auditors.
2. There are no amounts written off or written back in any period in respect of debts due from or to related parties.

10. Share Capital

(Nos.)

Equity shares	As at						
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Face Value (Rs.)	5	5	5	5	5	5	5
Authorised:	22,000,000	36,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Issued, subscribed and paid up:	100,000	30,100,000	43,020,000	77,913,650	78,150,828	77,913,650	78,150,828
Of the above :							
- Shares held by Financial Technologies (India) Limited	-	30,100,000*	30,100,000*	50,100,000*	50,100,000*	50,100,000*	29,353,126
- Shares allotted as fully paid up pursuant to a contract without payments being received in cash	-	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
- Shares allotted to employees under ESOP	-	-	-	-	237,178	-	237,178

* As holding company (Refer Note 18 below).

Note-The above data relating to number of shares and face value is disclosed after considering the impact of sub-division during nine months ended December 31, 2007 in all periods presented for comparative purposes only (Refer Note 17 below).

(Rs. million)

Equity Share Capital	As at						
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Authorised:	110.00	180.00	500.00	500.00	500.00	500.00	500.00
Issued, subscribed and paid up:	0.50	150.50	215.10	389.57	390.75	389.57	390.75
Of the above :							
- Shares held by Financial Technologies (India) Limited	-	150.50*	150.50*	250.50*	250.50*	250.50*	146.77

Equity Share Capital	As at						
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
- Shares allotted as fully paid up pursuant to a contract without payments being received in cash	-	150.00	150.00	150.00	150.00	150.00	150.00
- Shares allotted to employees under ESOP	-	-	-	-	1.19	-	1.19

* As holding company (Refer Note 18 below.)

11. Current liabilities and provisions comprises of:

(Rs. million)

	As at					As at	
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Current Liabilities	35.12	128.65	910.15	3,227.56	3,701.46	3,861.28	5,117.77
Provisions	-	0.16	34.30	101.31	36.18	16.67	17.22
Total	**35.12**	**128.81**	**944.45**	**3,328.87**	**3,737.64**	**3,877.95**	**5,134.99**

12. Joint Venture Disclosure:

a. Jointly Controlled Entity by the Company:

Name of the Entity :- Dubai Gold and Commodities Exchange DMCC (‘DGCX’)
Country of Incorporation :- United Arab Emirates
Date of Incorporation :- July 19, 2005
% Holding :- 10.00%

Interest in the assets, liabilities, income and expenses in DGCX translated at the year end rate for assets and liabilities and average rate for income and expenses:

(Rs. million)

	As at / for the year / period ended		
	March 31, 2006	March 31, 2007	December 31, 2006
Assets :			
Fixed Assets	24.67	16.32	19.02
Current Assets :			
Accounts receivable	-	1.34	1.72
Bank balance and cash	99.48	134.20	138.70
Loans and advances	0.78	1.81	-
Liabilities :			
Current liabilities	45.18	84.43	82.43
Provision	0.64	1.28	1.12
Income :			

	As at / for the year / period ended		
	March 31, 2006	March 31, 2007	December 31, 2006
Admission Fees	56.52	24.34	31.93
Transaction Fees	-	0.34	-
Interest income	1.39	5.28	4.55
Other Income	0.02	0.03	0.02
Expenses :			
General and administrative expenses	21.12	34.91	29.17
Selling and marketing expenses	2.21	4.72	6.28
Contingent Liabilities	-	-	-
Capital Commitments	-	-	-

The above disclosures are made on the basis of audited financial statements of DGCX as at and for the year ended December 31, 2006 and unaudited financial statements as at and for the year ended March 31, 2006 and March 31, 2007. During the period ended December 31, 2007, DGCX ceased to be a jointly controlled entity of the Company, though the Company continues to hold 10% stake in DGCX.

b. Jointly Controlled Entity by the Company:

Name of the Entity :- Safal National Exchange of India Limited
Country of Incorporation :- India
Date of Incorporation :- September 20, 2006
% Holding :- 30.00%

Interest in the assets, liabilities, income and expenses in the JCE:

(Rs. million)

	As at / for the year ended March 31, 2007 Rupees	As at / for the period ended December 31, 2007 Rupees
Assets :		
	1.07	42.72
Fixed Assets		
Current Assets		
a) Cash and Bank Balances	10.67	4.29
b) Loans and Advances	6.01	8.80
c) Debtors	-	0.04
Liabilities :		
Current Liabilities and Provisions	0.85	12.02
Miscellaneous Expenditure to the extent not written off or adjusted :		
1. Preliminary expenses	0.54	-
2. Pre-operative expenses	4.78	-
3.		
Income	-	6.03
Admission Fees	-	0.32
Transaction Fees	-	0.43

	As at / for the year ended March 31, 2007 Rupees	As at / for the period ended December 31, 2007 Rupees
Application processing fee	-	0.52
Other Income	-	26.46
Expenses	-	-
Contingent Liability	19.54	1.16
Capital Commitment		

The above disclosures are made on the basis of the audited financial statements of the JCE as at and for the year ended March 31, 2007 and un-audited financial statements as at and for the period ended December 31, 2007.

13. Stock based compensation
(Number of shares and values are disclosed after sub-division. Refer Note 17 below for details of sub-division)

On January 16, 2006, the Company granted 1,300,000 stock options to its employees and directors and also the employees and directors of Financial Technologies (India) Ltd., under an 'Employee Stock Option Plan' (ESOP 2006). The contractual life of the arrangement is 4 years (Refer Note 21 below).

a) The intrinsic value per option is Rs 6.50. The estimated fair value per option is Rs. 6.90 using the Binomial Option Pricing Model considering the following parameters -

i. Fair value of share at grant date : Rs. 20.50 (as sub-divided)
ii. Exercise price : Rs. 14 (as sub-divided)
iii. Expected volatility : 0%
iv. Option life : 3 years
v. Expected dividends : 10%
vi. Risk-free interest rate : 6.5%
vii. To allow for the effects of early exercise, it is assumed that the employees would exercise the options after vesting date.

b) The volatility has been taken as 0% since the enterprise is an unlisted company and no similar enterprise is listed on any stock exchange in India.

c) Further details relating to ESOP 2006 are as follows :

Particulars	Number Of Options (after sub-division)			
	As at			
	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Outstanding at start of year/period	-	1,300,000	1,300,000	937,802
Granted during the year/period	1,300,000	-	-	-
Forfeited during the year/period	-	125,020	89,300	29,320
Exercised during the year/period	-	237,178	-	-
Outstanding at end of year/period	1,300,000	937,802	1,210,700	908,482
Exercisable / vested at end of year/period	-	1,880	-	1,880

Particulars	Number Of Options (after sub-division)			
	As at			
	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Expense arising from stock option plan during the period (Rs. million).	0.74	3.31	2.45	1.46

d) The impact on the profit after tax of the Company using the Fair Value Method as per the Guidance Note on 'Accounting for employee share based payments' is as follows:

(Rs. million)

March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
0.05	0.20	0.41	0.09

However, considering the negligible impact on the profit for the year, EPS – Basic & Diluted, on two decimal basis would remain the same.

14. The Company, in view of its proposed Issue, expected during the latter part of the year ended March 31, 2007 incurred an amount of Rs. 15.56 million towards advertisement and sponsorship of certain television programmes aired by certain business and news channels towards creating corporate visibility and awareness to potential investors, which in the ordinary course would not have been incurred. However, in view of the postponement of the proposed Issue in that year, further planned expenditure was kept on hold. Consequently, such one time advertisement and sponsorship cost incurred has been considered as exceptional and disclosed accordingly in profit and loss account.

15. During the year ended March 31, 2007 the Company received the guidelines for Investor Protection Fund ('IPF') from Forwad Market Commission ('FMC') , Ministry of Consumer Affairs, Food and Public Distribution, directing the Company to create a Trust up to January 1, 2008 and in the interim, to keep all the penalties collected (after prescribed deductions) including those for delivery obligations, non-delivery, position limit violation, etc., in a separate bank account till the IPF trust is set up. The Company has submitted its draft rules pertaining to IPF and represented to the aforesaid Commission stating, inter-alia, that all the specific penalties (FMC prescribed penalties) would be credited to the IPF and has requested the Commission to consider partial modification of the guidelines enabling exchanges to retain exchange prescribed penalties / charges in full and recommending accumulated funds in the Trust for utilization towards investor awareness, investor protection etc. Subsequent to the above guidelines, FMC has issued directive for revision of penalty structure for failure to meet delivery obligations by market participants. The response from the Commission is awaited and the Company is hopeful of a positive response. Meanwhile the Company also incurred substantial expenses towards investor education and awareness programmes. Considering these guidelines, the Company has accounted and disclosed penalties collected from members as follows:

(Rs. million)

	As at		
	March 07	December 06	December 07

	As at		
	March 07	**December 06**	**December 07**
Aggregate amount of penalties retained in current liabilities pending formation of the Trust	22.37	11.19	34.16
Penalties from members credited to the Profit and Loss Account, considered as Contingent Liability being payable to Investor Protection Fund (net of recoveries towards administrative expenses) (Refer Note 4 (b)(i))	25.95	17.99	43.78

On the basis of the submission made, and on the basis of the opinion obtained by the Company from the eminent counsel regarding the applicability of these guidelines, the Company does not expect any further liability on this account. Pending the response from FMC, the Trust is yet to be formed and the amounts credited to the IPF as aforementioned have not been deposited in a separate bank account though the Company has earmarked fixed deposits for a partial amount aggregating to Rs.15.05 million as at March 31, 2007, and Rs.28.20 million as at December 31, 2007. Subsequent to December 31, 2007, the Company has earmarked additional fixed deposits aggregating to Rs. 6.10 million.

16. During the year ended March 31, 2007, the FMC communicated to the Company, that all the monies earmarked of Settlement Guarantee Fund ('SGF') need to be maintained in a separate account and income earned on SGF contributions, needs to be retained in the same account and not used for any other purposes other than for meeting the settlement obligations. Moreover, the current status of investments of SGF in various securities be also indicated including the policy for such investments by the Exchange.

    The Company has submitted to the FMC, inter-alia, that in view of daily changes in margin deposits and release and SGF being comprised of interest free deposits from members towards trading margins and the additional insurance facility taken by Exchange to cover risk arising from any default up to Rs. 100.00 million, the ploughback of interest to SGF is inappropriate in view of the risk management systems run by the Exchange and the additional precaution taken by the Exchange to secure market. The response from FMC is awaited. On that basis, the amount received from the members are continued to be disclosed under current liabilities as per policy followed consistently and the income on such funds (amount unascertained due to fluid nature and composition of margin deposit) is continued to be credited to the profit and loss account and is included under other income. On the basis of the submission made, the Company does not expect any liability, actual or contingent on this account.

17. The shareholders of the Company, at their meeting held on September 1, 2007, approved the sub-division of equity shares having nominal face value of Rs. 10/- per share into two equity shares of face value of Rs. 5/- per share. The earnings per share and other ratios as disclosed in Annexure VII have also been accordingly computed on the basis of subdivided number of equity shares based on the requirements of Accounting Standard 20 'Earnings Per Share'. The details of number of shares as disclosed in Note 10 are disclosed after considering the subdivision.

18. During the nine months ended December 31, 2007, Financial Technologies (India) Limited (FTIL), sold its investments in the Company consequent to which its holding reduced from 64.11% as at March 31, 2007 to 37.56% as at December 31, 2007. Accordingly, the Company is now an associate company of FTIL and not a subsidiary.

19. During the period ended December 31, 2007, the Company entered into agreements to sell 5% of it's holding in its joint venture entity, DGCX, to three investors. Pursuant to the agreements to sell, the Company received an aggregate advance consideration of Rs. 1,234.39 million in full towards sale of investments. Subsequent to December 31, 2007, the Company has sold off 2% stake to one of the

investors and in respect of the balance 3%, is in the process of completing the sale by transfer of shares in DGCX to the remaining two investors and discharge the commitment of brokerage in relation thereto. On completion of the sale, the Company would hold 5% in DGCX.

20. The Company, with a view to focus on core exchange operations, transferred it's training, consultation and certification related activities (Refer Annexure X) to a group company to disseminate knowledge on commodity and financial markets. Accordingly, the Company transferred the related fixed assets and net current assets aggregating Rs. 3.70 million, at book values, to such company during the period. The Company would get royalty on such business carried on by the group company.

21. a) The Board of Directors, in their meeting held on January 19, 2008, has proposed a new employee stock option scheme ('Employee Stock Option Scheme- 2008'), wherein 2,600,000 options, each representing one equity share of Rs 5/- each, are proposed to be granted to the employees of the Company, subject to shareholders approval at the ensuing general meeting to be held on February 27, 2008.

b) In the same meeting, the Board also proposed the vesting of the 50% of outstanding options under ESOP 2006, to be advanced from thirty six months from grant date to twenty six months from grant date. The said proposal is also pending shareholders' approval. Any adjustment arising from the said amendment to ESOP 2006 on the profit and loss account/Employee Stock Options Outstanding Account would be made on receiving the shareholders' approval.

ANNEXURE V: STATEMENT OF DIVIDENDS PAID

(Rs. million)

	Financial year ended					Nine months ended	
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Equity share capital	0.50	150.50	215.10	389.57	390.75	389.57	390.75
Rate of dividend	-	-	10%	20%	220%	200%	50%
Amount of dividend	-	-	21.51	77.91	857.64	662.27	195.38
Corporate dividend tax	-	-	3.02	10.93	120.27	92.88	33.20

ANNEXURE VI: PRINCIPAL TERMS OF LOANS TAKEN AND ASSETS CHARGED AS SECURITIES

ANNEXURE VI (A): SECURED LOANS

(Rs. million)

	As at March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Vehicle loans	-	0.51	0.43	-	-	-	-
Bank overdraft account	-	0.82	-	-	-	-	-
Total secured loans	**-**	**1.33**	**0.43**	**-**	**-**	**-**	**-**

Notes:

a) Vehicle loans up to March 31, 2005 were secured by hypothecation of motor vehicles, which have been repaid during the year 2005-06. The rate of interest on vehicle loans was approximately 8.80%. The rate of interest on bank overdraft generally ranges from 8.50% – 16.75%.

b) Bank overdraft facility is secured by :

(Rs. million)

	As at March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Fixed deposits under lien with banks (including for bank guarantees)	-	10.60	139.38	203.45	268.08	222.08	758.50

ANNEXURE VI (B): UNSECURED LOANS

(Rs. million)

	As at March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Financial Technologies (India) Limited (Holding Company)	7.53	9.04	-	-	-	-	-
Interest accrued and due	-	0.27	-	-	-	-	-
Total unsecured loans	**7.53**	**9.31**	**-**	**-**	**-**	**-**	**-**

Note:

Loan from holding company was unsecured and repayable on demand not earlier than September 30, 2003 and carried interest @ 14% per annum.

ANNEXURE VII: STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

		Financial year ended					Nine months ended	
		March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
(Loss)/profit, as restated (Rs. Million)	A	(7.37)	(17.03)	98.13	457.03	932.36	604.44	547.45
Equity shares outstanding at the year end (Nos)	B	100,000	30,100,000	43,020,000	77,913,650	78,150,828	77,913,650	78,150,828
Weighted average number of equity shares for basic earning per share	C	94,192	12,018,082	37,882,794	69,333,142	77,919,498	77,913,650	78,150,828
Add: Potential dilutive number of equity shares : - Share application money		-	-	2,000,000	565,022	-	-	-
- Outstanding ESOPs		-	-	-	595,506	1,008,346	932,834	861,349
Weighted average number of equity shares for diluted earnings per share	D	94,192	12,018,082	39,882,794	70,493,670	78,927,844	78,846,762	79,012,177
Networth (Rs. Million)	E	(6.87)	130.30	274.30	2,955.50	2,916.56	2,807.24	3,233.88
Ratios:								
Basic Earning Per Share (Rs.)	A/C	(78.24)	(1.42)	2.59	6.59	11.97	7.76	7.01
Diluted Earning Per Share (Rs.)	A/D	(78.24)	(1.42)	2.46	6.48	11.81	7.67	6.93
Net Asset Value Per Share (Rs.)	E/B	(68.70)	4.33	6.38	37.93	37.32	36.03	41.38

		Financial year ended					Nine months ended	
		March 31, 2003	**March 31, 2004**	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
Return on Net Worth (%.)	A/E	(107.28)	(13.07)	35.77	15.46	31.97	21.53	16.93

Notes:
1) Ratios have been computed on the basis of restated summary statements for the respective years.
2) For computing ratios, the number of shares have been considered as sub-divided (Refer Note 17 to Annexure IV-II)

ANNEXURE VIII: TAX SHELTER STATEMENT

(Rs. million)

	Financial year ended					Nine months ended
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2007
(Loss)/Profit before tax as restated	(7.69)	(26.55)	155.87	632.14	1265.72	715.82
Tax rate % (including surcharge and cess)	36.75	35.88	36.59	33.66	33.66	33.99
Tax at notional rate(A)	**(2.83)**	**(9.53)**	**57.03**	**212.78**	**426.04**	**243.31**
Adjustments :						
Permanent Difference :						
Dividend from mutual funds	-	-	(2.71)	(85.22)	(245.46)	(135.81)
Expenses disallowed	6.79	(6.22)	4.41	(3.71)	11.54	7.51
Profit of Tax Exempt Units	-	-	-	(34.71)	(45.26)	(49.01)
Pre-operative expenses written off	-	6.79	-	-	-	-
Long Term Capital Gain on Sale of Units of Mutual Fund	-				(16.54)	(76.79)
Total	**6.79**	**0.57**	**1.70**	**(123.64)**	**(295.72)**	**(254.10)**
Timing Difference :						
Depreciation	-	(57.10)	(27.73)	(25.52)	(25.30)	3.57
Gratuity and leave encashment	-	0.16	0.44	2.62	10.36	3.40
Preliminary expenses	0.90	(0.18)	(0.18)	(0.18)	(0.18)	(0.18)
Business loss and depreciation	-	83.11	-	-	-	-
Set off of business loss and depreciation	-	-	(83.11)	-	-	-
Expenses allowable under section 40(a) of the Income Tax Act, 1961	-	-	-	-	(18.49)	-
Provision for Doubtful Debts / Advances	-	-	-	-	19.05	30.81
Total	**0.90**	**25.99**	**(110.58)**	**(23.08)**	**(14.56)**	**37.60**
Net Adjustments (B)	**7.69**	**26.56**	**(108.88)**	**(146.72)**	**(310.28)**	**(216.50)**
Tax Saving Thereon (C)	**2.83**	**9.53**	**(39.83)**	**(49.39)**	**(104.44)**	**(73.59)**
Tax on Restated Profits (A+C)	-	-	17.20	163.39	321.60	169.72
Prior period tax	-	-	2.48	(0.49)	(1.99)	-
Tax on adjustments	(0.32)	(9.52)	9.84	(0.32)	-	-
Deferred tax	-		28.22	7.76	5.98	(11.23)

	Financial year ended					Nine months ended
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2007
(asset)/liability						
Total Provision for tax	**(0.32)**	**(9.52)**	**57.74**	**170.34**	**325.59**	**158.49**
(Loss)/Profit as per Income Tax Returns	**-**	**(83.11)**	**53.79**	**508.80**	**953.86**	**N/A**
Tax as per income tax returns	**-**	**-**	**19.68**	**171.26**	**320.40**	**N/A**

.

Note:

(Loss)/Profit before tax as restated is computed as below:

Particulars	Financial year ended					Nine months ended
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2007
Net (Loss)/Profit before tax as per audited financial statements (A)	**-**	**(34.17)**	**156.58**	**632.30**	**1265.72**	**715.82**
Adjustment on account of change in accounting policies and prior period items: [Refer Note 1 to Annexure IV-II]						
Pre-operative expenses	(6.19)	6.19	-	-	-	-
Preliminary expenses	(0.90)	0.90	-	-	-	-
Prior period expenses	(0.60)	0.53	(0.71)	0.78	-	-
Employee benefits	-	-	-	(0.94)	-	-
Total of adjustments (B)	**(7.69)**	**7.62**	**(0.71)**	**(0.16)**	**-**	**-**
(Loss)/profit before tax as restated (A+B)	**(7.69)**	**(26.55)**	**155.87**	**632.14**	**1265.72**	**715.82**

ANNEXURE IX: CAPITALISATION STATEMENT, AS RESTATED

(Rs. million)

Particulars	Pre Issue as at December 31 , 2007	As adjusted for issue (see note below)
Short term borrowings	-	[ ]
Long term borrowings	-	-
Total debt	**-**	[ ]
Shareholders' Funds		
1.Share capital	390.75	[ ]
2.Stock Options Outstanding Account	3.96	[ ]
3. Reserves and surplus:		
Securities Premium account	2,148.48	
General Reserve	140.69	
Profit and loss account	550.00	[ ]
Total Shareholders' Funds (Equity)	**3,233.88**	**[ ]**
Long Term Debt / Equity ratio	-	-
Total Debt /Equity	-	[ ]

Note:

Share capital and Reserves post – issue would be updated after the conclusion of the book building process.

ANNEXURE X : STATEMENT OF OTHER INCOME

(Rs. million)

Particulars	Financial year ended					Nine months ended	
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Dividend from non-trade investments							
- Current investments	-	-	2.05	66.01	241.43	190.47	135.81
- Long term investments	-	-	0.66	19.21	4.02	1.71	-
Interest on bank deposits	-	1.01	23.98	20.39	30.37	12.29	80.67
Interest others	-	-	-	0.48	0.14	0.05	0.28
Deposit appropriation (Refer note 6 to Annexure IV-II)	-	0.53	6.83	16.42	27.20	21.50	25.48
Profit on sale of investments (net)							
- Current investments	-	-	-	0.80	8.15	21.46	1.59
- Long term investments	-	-	-	0.55	25.45	7.79	77.40
Penalties from members	-	-	-	13.16	31.01	21.02	20.63
Other recoveries from members (net)	-	-	-	0.59	6.69	5.90	2.65
Training , certification and franchise fees (Refer Note 20 of Annexure IV-II)	-	-	-	2.37	14.94	9.21	7.73
Miscellaneous income	-	0.03	5.44	3.89	18.12	10.77	31.34
Total other income	**-**	**1.57**	**38.96**	**143.87**	**407.52**	**302.17**	**383.58**

Notes:

1. Refer Note 15 to Annexure IV-II.
2. Other income consists primarily of items of recurring nature except training, certification, consultation and franchise fees (Refer note 20 of Annexure IV-II).

ANNEXURE XI: STATEMENT OF SUNDRY DEBTORS AND LOANS AND ADVANCES.

(A) STATEMENT OF SUNDRY DEBTORS

(Rs. million)

Particulars	As at						
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Outstanding for a period exceeding six months	-	-	-	-	1.25	1.02	2.86
Others	-	-	13.98	85.30	165.27	89.44	126.84
	-	**-**	**13.98**	**85.30**	**166.52**	**90.46**	**129.70**
Less: Provision	**-**	**-**	**-**	**-**	1.25	0.94	2.86
Total sundry debtors	**-**	**-**	**13.98**	**85.30**	**165.27**	**89.52**	**126.84**

(Rs. million)

Particulars	As at						
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Considered good	-	-	13.98	85.30	165.27	89.52	126.84
Considered doubtful	-	-	-	-	1.25	0.94	2.86
Total sundry debtors	**-**	**-**	**13.98**	**85.30**	**166.52**	**90.46**	**129.70**

Note: Sundry debtors include secured debtors aggregating to Rs. 13.66 million, Rs. 84.95 million and Rs. 115.61 million as at March 31, 2005, March 31, 2006 and March 31, 2007 respectively and Rs. 84.55 million and Rs. 118.28 million as at December 31, 2006 and December 31, 2007 respectively, which are secured by cash margins /bank guarantees /fixed deposit receipts and hypothecation of movables such as commodities, securities etc. from members and the balance debts are unsecured.

(B) STATEMENT OF LOANS AND ADVANCES

(Rs. million)

Particulars	As at						
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Advances recoverable in cash or kind or for value to be received *	-	1.14	24.72	137.02	128.94	139.27	502.62
Advance tax paid including tax deducted at source (net of provision)	-	0.21	5.19	0.21	0.52	0.52	257.86
Premises and other deposits	0.06	3.17	13.38	28.42	46.07	40.76	76.67
	0.06	**4.52**	**43.29**	**165.65**	**175.53**	**180.55**	**837.15**
Less: Provision	**-**	**-**	**-**	**-**	17.80	12.00	46.85

Particulars	As at						
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Total loans and advances	**0.06**	**4.52**	**43.29**	**165.65**	**157.73**	**168.55**	**790.30**

(Rs. million)

Particulars	As at						
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Considered good	0.06	4.52	43.29	165.65	157.73	168.55	790.30
Considered doubtful	-	-	-	-	17.80	12.00	46.85
Total loans and advances	**0.06**	**4.52**	**43.29**	**165.65**	**175.53**	**180.55**	**837.15**

* Includes secured advances aggregating to Rs. 0.11 million, Rs. 2.35 million and Rs. 0.83 million as at March 31, 2005, 2006 and 2007 respectively and Rs. 0.18 million and Nil as at December 31, 2006 and December 31, 2007 respectively which are secured by cash margins /bank guarantees /fixed deposit receipts and hypothecation of movables such as commodities, securities etc. from members and balance are unsecured.

Loans and advances includes

(Rs. million)

Particulars	As at						
	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	December 31, 2006	December 31, 2007
Deposits towards rented premised	-	3.10	-	-	-	-	-
Advance to a party towards advertisement	-	-	-	96.88	72.67	72.50	61.94
Advances to the Director of the Company	-	-	-	-	-	-	-
(Maximum balance outstanding during the year)	-	-	-	0.14	-	-	-
Leased Premises Deposit to Managing Director	-	-	-	-	0.60	0.60	0.60

ANNEXURE XII: STATEMENT OF INVESTMENTS

(Rs. million)

Sr. No.	Particulars	As at March 31, 2007			As at December 31, 2007		
		No. of shares / units	Face Value (Rs.)	Amount	No. of shares / units	Face Value (Rs.)	Amount
	Long Term : (unquoted) [At Cost] Non – Trade						
A	**In Equity Shares of joint venture companies**						
	Dubai Gold and Commodities Exchange DMCC Class B shares	1,000	USD 1,000	43.70	1,000	USD 1,000	43.70
	Safal National Exchange of India Limited	300,000	10.00	3.00	5,700,000	10.00	57.00
	Total (A)			**46.70**			**100.70**
B.	**In units of Mutual Funds**						
1	ABN AMRO FTPS5 14 Months Plan Inst Growth	5,000,000	10	50.00	5,000,000	10	50.00
2	DSP Merrill Lynch Fixed Term Plan Series 3A Growth	50,000	1000	50.00	-	-	-
3	DBS Chola Liquid Inst. Plus – Cumulative	3,602,049	10	49.82	-	-	-
4	DBS Chola FMP Series 6 (410 Days Plan) Cumulative	5,000,000	10	50.00	5,000,000	10	50.00
5	DBS Chola FMP Series 6 (371 days) Cumulative	5,000,000	10	50.00	5,000,000	10	50.00
6	DWS Fixed Term Fund Series 18 – Institutional Plan Growth Option	5,000,000	10	50.00	5,000,000	10	50.00
7	DWS Fixed Term Fund Series 24 – Institutional Plan Growth Option	5,000,000	10	50.00	5,000,000	10	50.00
8	HDFC FMP 26 M – Aug 06 (1) Inst.Growth	5,000,000	10	50.00	5,000,000	10	50.00

Sr. No.	Particulars	As at					
		March 31, 2007			December 31, 2007		
		No. of shares / units	Face Value (Rs.)	Amount	No. of shares / units	Face Value (Rs.)	Amount
9	HDFC FMP 18 M Oct 06 (2) Wholesale Growth	5,000,000	10	50.00	5,000,000	10	50.00
10	HDFC FMP 15 M March 07 (5) Wholesale Growth	5,000,000	10	50.00	5,000,000	10	50.00
11	HSBC Fixed Term Series 9 Growth	10,000,000	10	100.00	-	-	-
12	ICICI Prudential FMP Series 34 – Fifteen Months Plan – Institutional Growth	3,000,000	10	30.00	3,000,000	10	30.00
13	ICICI Prudential Hybrid FMP 13 Months Plan – Institutional Growth	5,000,000	10	50.00	-	-	-
14	ICICI Prudential FMP Series 41 – 19 Months Plan Institutional – Growth	-	-	-	25,000,000	10	250.00
15	Kotak FMP – 13 M Series 2 – Institutional Growth	5,000,000	10	50.00	5,000,000	10	50.00
16	Kotak FMP Series 21 – Growth	5,000,000	10	50.00	-	-	-
17	Kotak FMP Series 14 – Growth	5,000,000	10	50.00	-	-	-
18	Lotus India FMP – 16 Months Series I Instl. Growth	2,000,000	10	20.00	2,000,000	10	20.00
19	LIC MF FMP Series 4-Growth Plan	5,000,000	10	50.00	-	-	-
20	LIC MF FMP Series 5 - Growth Plan	5,000,000	10	50.00	-	-	-
21	LICMF Fixed Maturity Plan Series 32 – 13 Months Growth Plan	-	-	-	25,000,000	10	250.00
22	LICMF Fixed Maturity Plan Series 34 – 16 Months Growth Plan	-	-	-	5,000,000	10	50.00
23	Principal PNB Fixed Maturity Plan – 385 days – Series I – Regular Growth Plan-Mar 06	5,000,000	10	50.00	-	-	-
24	Principal PNB Fixed Maturity Plan – 460 days – Series I – Regular Growth Plan	5,000,000	10	50.00	-	-	-

Sr. No.	Particulars	As at					
		March 31, 2007			December 31, 2007		
		No. of shares / units	Face Value (Rs.)	Amount	No. of shares / units	Face Value (Rs.)	Amount
25	Principal Pnb Fixed Maturity Plan II (FMP 29) 460 days Plan Aug 06 Institutional Growth Plan	5,000,000	10	50.00	-	-	-
26	Principal Pnb Fixed Maturity Plan (FMP-31) Series III – Institutional Growth Plan Nov 06	5,000,000	10	50.00	-	-	-
27	Principal Pnb Fixed Maturity Plan (FMP-36) 460 days Series III – March 07 – Institutional Growth Plan	5,000,000	10	50.00	5,000,000	10	50.00
28	Reliance Fixed Tenor Fund Plan A – Growth Option	1,000,000	10	10.00	-	-	-
29	Reliance Fixed Tenor Fund Plan B – Growth Option	5,000,000	10	50.00	5,000,000	10	50.00
30	Reliance Fixed Horizon Fund Institutional Plan C Series I Institutional Growth Plan	20,000,000	10	200.00	20,000,000	10	200.00
31	Reliance Fixed Horizon Fund I – Institutional Plan – Annual Plan I – Series I Institutional Growth Plan	5,000,000	10	50.00	-	-	-
32	Reliance Fixed Horizon Fund – Plan C - Series III - Institutional Growth Plan	5,000,000	10	50.00	5,000,000	10	50.00
33	Reliance Fixed Horizon Fund III - Annual Plan Series I - Institutional Growth Plan	5,000,000	10	50.00	5,000,000-	10	50.00
34	Reliance Fixed Horizon Fund IV – Series 7 – Institutional Growth Plan	-	-	-	5,000,000	10	50.00

Sr. No.	Particulars	As at					
		March 31, 2007			December 31, 2007		
		No. of shares / units	Face Value (Rs.)	Amount	No. of shares / units	Face Value (Rs.)	Amount
35	Tata Fixed Horizon Fund, Series 3, Scheme D 13 months – Growth	3,000,000	10	30.00	-	-	-
36	Tata Fixed Horizon Fund - Series 5 - Scheme G - Growth	5,000,000	10	50.00	5,000,000	10	50.00
37	UTI - Fixed Maturity Plan Yearly Series /0606 Growth Plan	5,000,000	10	50.00	-	-	-
38	UTI - Fixed Maturity Plan -(YFMP/0906) Growth Plan	7,000,000	10	70.00	-	-	-
39	UTI Fixed Maturity Plan Yearly Series YFMP/0307 - Growth Plan	5,000,000	10	50.00	5,000,000	10	50.00
	Total (B)			**1,859.82**			**1,600.00**
	Current: (Unquoted) [At Lower of Cost and Fair Value] Non – Trade						
C.	**In units of mutual funds**						
1	ABN AMRO Interval Fund Quarterly Plan H- Dividend on maturity	-	-	-	5,000,000	10	50.00
2	ABN AMRO Interval Fund Monthly Plan A Dividend	-	-	-	5,000,000	10	50.00
3	ABN AMRO Flexible Short Term Plan Series A Quarterly Dividend				5,000,000	10	50.00
4	Birla FTP - Quarterly Series 5 - Dividend Payout	5,000,000	10	50.00	-	-	-
5	Birla FTP - Quarterly Series 10 - Dividend – Payout	5,000,000	10	50.00	-	-	-
6	Birla Cash Plus Instl Premium Daily Dividend Reinvestment	-	-	-	14,980,232	10	150.09

Sr. No.	Particulars	As at					
		March 31, 2007			December 31, 2007		
		No. of shares / units	Face Value (Rs.)	Amount	No. of shares / units	Face Value (Rs.)	Amount
7	Birla Sunlife Liquid plus Institutional Daily Dividend Reinvestment	-	-	-	9,377,483.97	10	93.84
8	Birla Sunlife Quarterly Interval Fund Series 3 Dividend	-	-	-	5,000,000	10	50.00
9	Birla Sunlife Monthly Income Plan Monthly Dividend	-	-	-	10,000,000	10	100.00
10	Birla Sunlife Quarterly Interval Fund Series II Dividend	-	-	-	5,000,000	10	50.00
11	DBS Chola Interval Income Fund Monthly Plan A Dividend	-	-	-	4,935,736.70	10	50.37
12	DBS Chola Interval Income Fund Monthly Plan A Growth	-	-	-	5,054,378.42	10	50.59
13	DWS Fixed Term Fund Series 6 – Div. Option	3,000,000	10	30.00	-	-	-
14	DBS Chola FMP-Series 6 (Quarterly Plan-3) – Dividend	3,000,000	10	30.00	-	-	-
15	DSP Merrill Lynch Cash Plus Institutional Premium Daily Dividend	-	-	-	100,102.85	1000	100.11
16	DWS Credit Opportunities Cash Fund Weekly Dividend Reinvestment Plan	-	-	-	60,860,259.40	10	610.38
17	DWS Quarterly Interval Fund Series I Dividend Plan	-	-	-	5,000,000	10	50.00
18	DWS Money Plus Fund IP Daily Dividend Reinvestment	-	-	-	15,050,373.53	10	150.63
19	HDFC FMP 90D Nov, 07 (6) WP Dividend Plan	-	-	-	5,000,000	10	50.00
20	HDFC Arbitrage Fund IP Monthly Dividend	-	-	-	5,030,826.93	10	50.40
21	ING Fixed Maturity Fund Series 34 IP Dividend	-	-	-	5,000,000	10	50.00

Sr. No.	Particulars	As at					
		March 31, 2007			December 31, 2007		
		No. of shares / units	Face Value (Rs.)	Amount	No. of shares / units	Face Value (Rs.)	Amount
22	ING Fixed Maturity Fund Series 36 IP Dividend	-	-	-	5,000,000	10	50.00
23	ICICI Prudential Quarterly Interval Fund II Dividend	-	-	-	5,000,000	10	50.00
24	ICICI Prudential Interval Fund Quarterly Plan C Dividend	-	-	-	5,000,000	10	50.00
25	JM Money Manager Super Plus Plan Daily Dividend Option	-	-	-	30,518,770.77	10	305.29
26	JM Arbitrage Fund Dividend	-	-	-	4,876,716.60	10	50.00
27	JM Fixed Maturity Fund - Series IV - Quarterly Plan 1 - Dividend Plan (189)	5,076,829	10	50.77	-	-	-
28	Kotak FMP - 6M - Series 2 – Dividend	5,000,000	10	50.00	-	-	-
29	Kotak FMP - 3M - Series 8 – Dividend	6,001,764	10	60.02	-	-	-
30	Kotak FMP - 3M - Series 10 – Dividend	5,000,000	10	50.00	-	-	-
31	Kotak Quarterly Interval Fund Series I Dividend Plan	-	-	-	5,000,000	10	50.00
32	Kotak FMP 3M Series 26 Dividend	-	-	-	10,000,000	10	100.00
33	Kotak Equity Arbitrage Fund	-	-	-	4,719,875.39	10	50.00
34	LIC MF Liquid Fund - Dividend Plan	32,107,164	10	352.55	-	-	-
35	LIC MF FMP Series 38 Dividend	-	-	-	5,000,000	10	50.00
36	Lotus India FMP – 3 Months Series IX Dividend	-	-	-	5,000,000	10	50.00
37	Lotus India FMP – 3 Months Quarterly Plan E Dividend	-	-	-	5,000,000	10	50.00
38	Lotus India Liquid Fund Super IP Daily Dividend Reinvestment	-	-	-	10,000,846.616	10	100.02

Sr. No.	Particulars	As at					
		March 31, 2007			December 31, 2007		
		No. of shares / units	Face Value (Rs.)	Amount	No. of shares / units	Face Value (Rs.)	Amount
39	Principal PNB Fixed Maturity Plan (FMP-38) 91 Days Series XII – Dividend	-	-	-	5,000,000	10	50.00
40	Principal Pnb Fixed Maturity Plan (FMP-38) 91 Days - Series IX - Mar 07 Dividend Payout	5,000,000	10	50.00	-	-	-
41	Reliance Liquidity Fund Daily Dividend Reinvestment Option-(LQDD)	8,332,079	10	83.34	656,803	10	6.57
42	Reliance Monthly Interval Fund Series II Institutional Dividend Plan	-	-	-	4,988,466.25	10	49.91
43	Reliance Quarterly Interval Fund Series II Retail Dividend Plan	-	-	-	4,998,350.54	10	50.00
44	SBI Magnum Debt Fund Series - 180 Days (November 06) – Dividend	10,000,000	10	100.00	-	-	-
45	SBI Arbitrage Opportunities Fund Dividend	-	-	-	13,664,562.32	10	150.00
46	Standard Chartered Fixed Maturity Plan - Quarterly Series 3-Dividend	5,000,000	10	50.00	-	-	-
47	Standard Chartered Fixed Maturity Plan - Quarterly Series 19-Dividend	-	-	-	5,000,000	10	50.00
48	Standard Chartered Arbitrage Fund Plan B (IP) Dividend	-	-	-	9,649,622.22	10	100.00
49	Sundaram BNP Paribas FTP Series I (90 Days) IP Dividend	-	-	-	5,000,000	10	50.00
50	Tata Fixed Horizon Fund - Series 8 - Scheme E - Monthly Div - Inst Plan	5,000,000	10	50.00	-	-	-
51	UTI Fixed Maturity Plan Half yearly Series HFMP/1206 - Dividend Plan – Payout	5,000,000	10	50.00	-	-	-

Sr. No.	Particulars	As at					
		March 31, 2007			December 31, 2007		
		No. of shares / units	Face Value (Rs.)	Amount	No. of shares / units	Face Value (Rs.)	Amount
52	UTI Fixed Maturity Plan Quarterly Series QFMP/0107/I - Dividend Plan – Payout	5,000,000	10	50.00	-	-	-
53	UTI Fixed Maturity Plan Quarterly Series QFMP/0107/II - Dividend Plan – Reinvestment	101,130,022	10	101.30	-	-	-
54	UTI Fixed Income Interval Fund Monthly Plan IP Dividend	-	-	-	5,000,000	10	50.00
55	UTI Fixed Income Interval Fund Quarterly Plan III IP Dividend	-	-	-	4,999,350.08	10	50.00
56	UTI Spread Fund	-	-	-	8,948,629.19	10	100.02
	Total (C)			**1,257.98**			**3,418.22**
D	**Share Application Money towards Equity Shares of Safal National Exchange of India Limited (since allotted)**	**-**	**-**	**2.85**	**-**	**-**	**-**
	Total (D)			**2.85**			**-**
	Total (A+B+C+D)			**3,167.35**			**5,118.92**

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated Indian GAAP financial statements for the fiscal years ended March 31, 2005, 2006 and 2007 and for the nine month period ended December 31, 2006 and 2007, including the significant accounting policies and notes thereto and reports thereon appearing elsewhere in this Draft Red Herring Prospectus. Indian GAAP differs in significant respects from IFRS and U.S. GAAP.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

Overview

We are an independent, de-mutualized association with permanent recognition from the Government of India to facilitate nationwide online trading, clearing and settlement operations for the commodities futures market. The total value of contracts traded on our exchange between April 1, 2006 to March 31, 2007 was approximately Rs. 22,937,239.32 million. According to data maintained by the FMC, this amount represented approximately 62.38% of the market share of the Indian commodities industry in terms of the value of commodities traded in futures markets during that period. The total value of contracts traded on all national commodities exchanges in India between April 1, 2007 and December 31, 2007 was Rs. 20,584,937 million representing a market share of 75.77%.

We focus on offering futures trading in commodities which are significant in the Indian and global context and traded on international exchanges. As of December 31, 2007, we offered futures trading in 55 commodities from various market segments including bullion, energy, ferrous and non-ferrous metals, oils and oil seeds, cereals, pulses, plantations, spices, plastics and fibers. Among the top ten commodity derivative exchanges in the world we are the largest silver exchange, the second largest natural gas exchange, the third largest gold exchange and third largest crude oil exchange and the third largest copper exchange in terms of the number of contracts traded for each of these commodities for the period from January 1, 2007 to December 31, 2007, *(Source: Based on trading volume data of such Exchanges for the calendar year 2007 as published in the respective websites of such Exchanges*).

We strive to be at the forefront of developments in the commodities future industry in India. We were the first exchange in India to offer trading in steel futures, and the first in India to launch futures trading in crude oil. We formed strategic alliances with international exchanges to introduce new types of futures contracts in India, such as contracts based on gas emissions and ocean freight rates, in anticipation of expected government regulations permitting the trading of intangibles in India. We were the first exchange in India to initiate evening sessions to coincide our trading with trading on Commodity exchanges in, London, New York and other international markets. We are certified under ISO 9001:2000 Quality Standards with respect to developing derivatives trading in India and providing services for online trading, clearing, settlement, and risk management systems. We have achieved the ISO/IEC 27001:2005 certification, which is the global benchmark of an information security management system. In fiscal 2007 our total income was Rs. 2,063.32 million and our net profit after tax was Rs. 932.36 million. In the nine months ended December 31, 2007 our total income was Rs. 1,583.05 million and our net profit after tax was Rs. 547.45 million.

Key Factors Affecting Our Results of Operations

Our financial condition and results of operations are affected by numerous factors. We believe the following are of particular importance:

Growth in the Indian economy. General economic conditions in India have a significant impact on our results of operations. According to statistics maintained by the World Trade Organization, the Indian economy has grown rapidly over the past decade, with real GDP growth averaging approximately 9% over the last two years, and is expected to continue to grow at an equal or higher rate in the future. We believe growth in the overall economy is expected to drive the underlying demand for commodities. As the consumption of physical commodities increases in India, an overall increase in the volume of commodities being traded in India to result in an increase in trading volumes on our futures exchange, which in turn is expected to have a positive impact on our results of operations.

Trading volumes and contract values. The volume and value of contracts traded on our exchange have a direct impact on our revenues, as our transaction fees are calculated on the basis of the value of contracts traded on our exchange. Trading volume is primarily influenced by factors outside our control. These external factors include: price volatility in the underlying commodities, government initiatives to promote the commodity industry and other government changes to monetary, fiscal agricultural or trade policies, the number of market participants, domestic and international economic, political and market conditions, domestic and international trends in demand, supply and prices, weather conditions in relation to agricultural commodities, interest rates, foreign exchange rates and inflation, among others. Each of these factors has contributed to increased trading volumes on our exchange. While not certain, we expect that the favorable factors that contributed to recent volume increases will continue to contribute to future volume levels. However, additional factors may arise that could offset future increases in contract trading volume or result in a decline in contract trading volume, such as new or existing competition or other events.

New product offerings. Our revenues are dependent on the type and number of products we offer on our exchange. Under current regulations, the FMC must approve of all commodities and contracts that can be traded on any exchange in India. Recently, the President of India passed an Ordinance amending the FCRA, pursuant to which trading in options have been allowed. We expect that our introduction of these and other new products may result in increased trading activity on our exchange which we expect to have a positive impact on our revenues.

Technological advancements. The successful operation of our business, and our operating results, are dependent in part on our efficient use and deployment of technology. Our electronic platform is supported by advanced technology which enables our exchange to operate efficiently and reliably, allowing our members immediate trade execution, anonymity and price transparency, and providing prompt and reliable order routing, trade reporting, market data dissemination and market surveillance. At present, our online exchange is accessible through multiple mediums of connectivity including VSAT, leased lines, internet and mobile phones. We expect that advances in technology will enable us to provide more efficient trade execution services, increase our economies of scale, and increase connectivity options of our exchange, all of which are expected to have a positive impact on our revenues.

Regulatory developments. Government initiatives play an important role in the development of the commodities industry in India. FMC may also permit mutual funds, FIIs and banks to invest in commodity derivatives in India. If allowed, we believe this will result in increased market activity and contribute to the overall growth of the Indian commodities futures market.

Competition. Our results of operations are affected by competition in the commodities exchange industry in India. We compete primarily against two other national, fully electronic commodity exchanges in India: the NCDEX and NMCE. We expect competition to intensify as these competitors may further expand their product offerings and market presence, and if new competitors enter the market.

Income

We derive our income primarily from transaction fees, admission fees, subscription fees, terminal charges, deposit appropriation, dividends from investments and interest income and miscellaneous income. The following table sets forth select information for the breakdown of our income, expressed in terms of millions of Indian rupees, and as a percentage of total income, for the periods indicated:

	Year ended March 31,	Nine months ended December 31,

	2005	%	2006	%	2007	%	2006	%	2007	%
Membership admission fees	217.44	64.61	266.61	25.54	416.13	20.17	226.69	16.50	63.07	3.98
Annual subscription fees	16.45	4.89	25.80	2.47	39.33	1.91	29.50	2.15	71.43	4.51
Transaction fees	53.07	15.77	531.74	50.94	1,102.86	53.45	791.35	57.61	985.78	62.27
Terminal charges	10.62	3.16	30.08	2.88	32.09	1.56	23.98	1.75	19.22	1.21
Content development/ know-how fees/ IT enabled /software related services	0.00	0.00	45.79	4.39	65.39	3.17	0.00	0.00	59.97	3.79
Other Income										
Income form investments and bank deposits.	26.69	7.93	106.96	10.25	309.42	15.00	233.72	17.01	295.47	18.66
Deposit appropriation	6.83	2.03	16.42	1.57	27.20	1.32	21.50	1.57	25.48	1.61
Other income	5.44	1.61	20.49	1.96	70.90	3.42	46.95	3.41	62.63	3.97
Total income	336.54	100	1,043.89	100	2,063.32	100	1,373.69	100	1,583.05	100

Admission Fees. Admission fees consist of non-refundable, one-time charges to our members for the right to trade on our exchange, which are collected from members at the time of registration. The amount of fees charged to each member varies according to the type of membership. Our members are classified into four general categories:

- A Trading Member (TM) is a person having been admitted by the Board as such, who shall have rights to trade on his own account as well as on account of his clients, but shall have no right to clear and settle such trades himself. All such trading members must be affiliated with any one of the Institutional Trading-cum-Clearing Member (ITCM) or Professional Clearing Member (PCM) having clearing rights on the Exchange.

- A Trading-cum-Clearing Member (TCM) is entitled to trade on his own account as well as on account of his clients, and clear and settle these trades himself. TCM, are divided into two sub-categories: Non-Deposit Based Members and Deposit-Based Members.

- Institutional Trading cum Clearing Members (ITCM) are entitled to trade on their own account as well as on account of their clients, clear and settle trades executed by themselves as well as of Trading members and Trading cum Clearing Members of the Exchange.

- Professional Clearing Member (PCM) is entitled to only clear and settle trades executed by trading-cum – clearing members or trading members of the exchange.

We have progressively increased the amount of admission fees we charge our members. The following table indicates the amount of admission fees we charged to our members for the periods indicated:

	As of November 30, 2003	December 1, 2003 to September 1, 2004	September 2, 2004 to July 4, 2005	July 5, 2005 to April 30, 2006	May 1, 2006 to April 30, 2007	May 1, 2007 till date
TCM –Non Deposit Based	Rs.250,000	Rs.350,000	Rs.500,000	Rs.750,000	Rs.1,000,000	Rs.2,000,000
TCM – Deposit Based[(1)]	-	-	-	Rs.375,000	Rs.500,000	Rs.1,000,000
ITCM	Rs.500,000	Rs.500,000	Rs.1,000,000	Rs.750,000	Rs.1,000,000	Rs.2,500,000
PCM	-	-	-	-	-	Rs.1,000,000

(1) We did not offer Deposit-Based TCM memberships until July 4, 2005.

	November 30, 2003 to March 31, 2005	April 1, 2005 to July 26, 2007	July 27, 2007 till date
TM	Rs.100,000	Rs.250,000	Rs.750,000

Membership. For a detailed description of the types of membership and the particulars for each category of membership, see "Business - Membership" appearing on 73 of this Draft Red Herring Prospectus. As of March 31, 2007 and December 31, 2007, the number of members on our Exchange was 1,762 and 1,811 respectively, an increase of 39.95% and 16.61% over the number of members who were registered on our Exchange as of March 31, 2006 and December 31, 2006, which were 1,259 and 1,553 respectively. This resulted in an increase in the income generated by membership admission fees by an amount of Rs.149.52 million in fiscal 2007 over Fiscal 2006.

The following table provides information about our membership base as of the dates indicated:

	Number of Members as of				
Membership Category	**March 31, 2005**	**March 31, 2006**	**March 31, 2007**	**December 31, 2006**	**December 31, 2007**
TCM – Non Deposit Based	809	1,192	1,669	1,466	1,713
TCM – Deposit Based	7	39	63	59	66
ITCM	14	14	16	15	16
PCM	2	3	4	3	4
TM	11	11	10	10	12
Total	**843**	**1,259**	**1,762**	**1,553**	**1,811**

Transaction Fees. Transaction fees consist of fees we charge to our members for the execution of trades. Both buyers and sellers are charged transaction fees. The fee charged to a member in any month depends on the average daily turnover generated by the member in the previous month according to the following scale:

Average Daily turnover	Transaction Fee
Up to Rs.200 million	Rs.4 per Rs.100,000 of turnover
On incremental volume above Rs.200 million up to Rs.1,000 million	Rs.3 per Rs.100,000 of turnover
On incremental volume above Rs.1,000 million to Rs.2,500 million	Rs.2 per Rs.100,000 of turnover
On incremental volume above Rs.2,500 million to Rs.3,500 million	Rs.1 per Rs.100,000 of turnover
On incremental volume above Rs.3,500 million to Rs.5,000 million	Rs.0.50 per Rs.100,000 of turnover

Average Daily turnover	Transaction Fee
On incremental volume above Rs.5,000 million	Rs.0.25 per Rs.100,000 of turnover

*with effect from May 1, 2007

We calculate the average daily turnover for all futures contracts traded by our members at the end of each month by dividing the total turnover for each member during that month by the total number of trading days during that month. We collect transaction fees by debiting the appropriate amounts from our members' settlement accounts during the first week of the month following the month for which transaction fees were calculated. From April 1, 2004 to September 30, 2004 we only charged transaction fees for gold and silver products. After September 30, 2004, we charged transaction fees for all commodities traded on our Exchange.

Income from our transaction fees are calculated as a percentage of the value of contracts traded on our exchange, which is in turn related to the volume of contracts traded on our exchange. While transaction fee rates are established by us, trading volume is primarily influenced by factors outside our control.

Transaction fees have accounted for an increasingly large part of our income. In fiscal 2004, they were nonexistent as we began our operations in November 2003 and, in order to attract customers, we only charged transaction fees for gold and silver from April 1, 2004 onwards and waived transaction fees for all other commodities until September 30, 2004. After September 30, 2004, we charged transaction fees for all commodities traded on our exchange. In fiscal 2005, transaction fees accounted for 15.77% of our income. In Fiscal 2006, transaction fees accounted for 50.94% of our income. In fiscal 2007, transaction fees accounted for 53.45% of our income. In the nine months ended December 31, 2007, transaction fees overtook admission and subscription fees as the primary source of our income and contributed 62.27% of our income.

Generally, we have experienced growth in the overall value of contracts traded on our exchange since we began our operations in November 2003. For the nine months ended December 31, 2006 and December 31, 2007, the total value of contracts traded on our exchange, calculated on a per-side basis, was Rs. 16,223,967 million and Rs. 20,584,937 million, respectively. Correspondingly, transaction income have increased by 24.57% from Rs. 791.35 million for the nine months ended December 31, 2006 to Rs. 985.78 million for the nine months ended December 31, 2007. Our average daily volumes were Rs 70,233.62 million and Rs. 89,890.56 million for the nine months ended December 31, 2006 and December 31, 2007, respectively.

Recent growth in the value of contracts traded on our exchange is largely attributable to growth in the trading volume of key commodities traded on our exchange such as gold, silver, base metals and crude oil, the introduction of new commodities futures products on our exchange, increased volatility in the commodities market and the expansion of our market which resulted in an increase in our membership base, as well as the increase in the prices of gold, silver, base metals and crude oil.

While not certain, we expect that the factors that contributed to recent volume increases will continue to contribute to increases in future volume levels. Therefore, if these same factors continue to exist, we may experience increases in contract trading volume. However, additional factors may arise that could offset future increases in contract trading volume or result in a decline in contract trading volume, such as new or existing competition, decline in the prices of key commodities or other events. Accordingly, our recent contract trading volume history may not be an indicator of future contract trading volume results.

Value of Contracts. The following table presents information on the value of contracts traded on our exchange for gold, silver, crude oil and copper which were the top four products traded on our exchange:

(Rs. Million)

	Fiscal 2005		Fiscal 2006		Fiscal 2007		For the period ended December 31, 2006		For the period ended Decemeber 31, 2007	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Gold	563,662.53	33.85	3,664,868.57	38.11	9,075,750.81	39.57	71,780,96.08	44.24	5,580,954.51	27.11
Silver	829,280.59	49.80	2,600,961.12	27.05	6,119,404.57	26.68	4,413,508.75	27.20	4,036,556.78	19.61
Crude Oil	19,001.37	1.14	1,755,534.28	18.26	1,826,287.85	7.96	967,713.22	5.96	3,352,794.68	16.29
Copper	1,346.32	0.08	80,266.87	0.83	2,706,368.86	11.80	1,712,642.42	10.56	3,560,096.41	17.29
Other Products	251,966.49	15.13	1,514,696.33	15.75	3,209,427.23	13.99	1,952,006.12	12.03	4,054,534.80	19.70
Total Value	**1,665,257.30**	**100**	**9,616,327.17**	**100**	**22,937,239.32**	**100**	**16,223,966.59**	**100**	**20,584,937.18**	**100**

Subscription Fees. Subscription fees consist of annual fees we charge to our members for the continued right to trade on our exchange. We charge our TM a subscription fee in the amount of Rs.10,000, TCM a subscription fee in the amount of Rs.75,000 and a subscription fee in the amount of Rs.100,000 to ITCM and PCM at the time of registration of membership, and thereafter on April of each year.

Terminal Charges. We charge customers terminal charges for allotment of membership identification numbers ("IDs") that enable customers to connect to our electronic trading platform. We charge our members Rs. 1,000 to Rs.1,500 per month for each additional trading ID above the three trading ID's assigned for each VSAT or above five trading IDs assigned for each leased line. Alternatively, in lieu of monthly terminal charges, members may pay in advance the sum of Rs.10,000 which entitles them to connect to our exchange for a period of twelve months.

Income from investment and bank deposits. We invest all of our surplus cash, including internal accruals and funds deposited by members with the exchange, in a variety of investment instruments including short-term and long-term mutual funds and interest-bearing bank accounts. These investments are mostly liquid funds. As per our internal policy, all of our investment decisions are approved by our Investment Committee.

The amount of revenue we earn from our investments is partially affected by the value of the open interest positions on our exchange, which in turn affects the amount of margins we require our members to deposit with our exchange. Our exchange collects margins from members for all open positions on our exchange which we then invest in debt based mutual fund schemes and bank fixed deposits. Accordingly, if the aggregate open positions of members decrease, our corresponding interest income will also decrease.

Deposit Appropriation. Deposit appropriation represents the amount we appropriate each year from the non-refundable VSAT deposit fees paid by our members in connection with the VSAT installation at the members' sites. Once a VSAT is installed at a members' location, it cannot be surrendered to us. In the event that a member surrenders membership, the VSAT equipment will be transferred to the member at its depreciated value which is calculated by us. We amortize the VSAT deposit fees over a period of five years to match the five year depreciation period of the VSAT equipment and credit the amount equal to the depreciation in the VSAT equipment to our income.

Content development / know-how fees / IT enabled / Software related services. Services to set up an exchange and to provide exchange related documentation in electronic form and contributed to development of the electronic trading, clearing and settlement platform.

Other Income. Other income is comprised primarily of penalty fees we charge to our members for any liabilities owed to our exchange or for compliance-oriented defaults, and also includes certain warehouse charges, information vending charges and fees we collect in connection with our certification programs.

Expenses

The main components of our expenses include establishment expenses and software support charges, , staff cost, rent and service charges, electricity costs, repairs and maintenance costs, legal and professional fees, advertisement and business promotion expense, license fees, miscellaneous expenses, depreciation and amortization, and interest and finance costs.

Establishment expenses, software support charges and repairs and maintenance. Establishment expenses, software support charges and repairs and maintenance are our most significant expenses and consist primarily of charges we pay pursuant to certain agreements we have entered into with FTIL for the development, installation, implementation , and support and maintenance services for, the technology of our electronic trading platform. For additional details of our agreements with FTIL, see the section titled "Related Party Transactions" on page 148 of this Draft Red Herring Prospectus.

Staff cost. Staff cost include employee salaries, bonuses, mandatory contributions to employee provident funds, retirement benefits and staff welfare expenses such as food, travel, medical expenses, etc. This expense accounted for approximately 20.29% of our total expenses in fiscal 2007 and 23.20% of our total expenses for the nine months ended December 31, 2007. The following table indicates the number of employees employed by us as of the dates indicated.

	As at March 31			Nine months ended December 31,		
	2006	**2007**	**% increase**	**2006**	**2007**	**% increase**
Number of Employees	267	418	56.55	370	460	24.32

Rent and Service Charges. Rent and service charges consist of costs we incur in connection with our registered office in Mumbai and other office space leased by us in Delhi, Hyderabad, Kolkata, Ahmedabad, Cochin and Pune. Rent and service charges accounted for 5.56% of our total expenses in fiscal 2007 and 8.42% of our total expenses in the nine months ended December 31, 2007.

Advertisement Expenses. Advertisement expenses (including exceptional expenses) consist primarily of media, print and other advertising expenses. These expenses accounted for 7.92% of our total expenses in fiscal 2007 and 5.27% of our total expenses in the nine months ended December 31, 2007.

Business Promotion Expenses/development expenses. Business promotion expense/development expenses consist primarily of expenses incurred to introduce new products and promote our existing products and services. These expenses accounted for 2.66% of our total expenses in fiscal 2007 and 2.35% of our total expenses in the nine months ended December 31, 2007.

Sponsorship and Seminar Expenses. Sponsorship and seminar expense (including exceptional expenses) consist primarily of expenses incurred to introduce new products and promote our existing products and services. These expenses accounted for approximately 8.61% of our total expenses in fiscal 2007 and 1.53% of our total expenses in the nine months ended December 31, 2007.

Travelling and Conveyance Expense. Travelling and conveyance expense consist of costs incurred with respect to traveling for business promotion and development. These accounted for 3.86% of our total expenses in fiscal 2007 and 3.31% of our total expenses in the nine months ended December 31, 2007.

Communication Expense. Communication expense consists of costs incurred with respect to telephone, lease line and internet charges. Communication expense accounted for 3.26% of our total expenses in fiscal 2007 and 2.64% of our total expenses in the nine months ended December 31, 2007.

Legal and Professional Fees. Legal and professional fees consist of fees paid to legal and financial professionals and commodity and industry specialists. Legal and professional fees accounted for 6.07% of our total expenses in fiscal 2007 and 5.64% of our total expenses in the nine months ended December 31, 2007.

Other Operating Expenses. Other operating expense include printing and stationery expenses, , insurance, license fees, rent paid for warehouse space, employee recruitment and training expenses, security expense, auditors' remuneration, directors' sitting fees, board meeting expenses, books and periodicals and other general expenses. These expenses accounted for 12.77% of our total expenses in fiscal 2007 and 17.43% of our total expenses in the nine months ended December 31, 2007.

Depreciation/Amortization. Depreciation and amortization expense results primarily from the amortization of leasehold improvements and software licenses as well as depreciation of fixed assets including furniture, office equipment and computer hardware, networking equipment, and vehicles.

Interest. Interest includes interest paid on secured loans from FTIL and to finance the purchase of vehicles. As of December 31, 2007, we had no outstanding borrowings.

Taxation

Current tax. Current tax is the provision made for income tax liability on the profits for the applicable financial period in accordance with applicable tax law.

Deferred tax. Deferred tax arises from timing differences between book profits and taxable profits that originates in one period and is capable of reversal in one or more subsequent periods, and is measured using tax rates and laws that have been enacted or substantially enacted as of the date of the balance sheet.

Results of Operations

The following table sets forth information on selected statement of operations for the periods indicated.

(in Rs. million)

	Fiscal			**Nine months ended December 31,**	
	2005 Rs.	**2006 Rs.**	**2007 Rs.**	**2006 Rs.**	**2007 Rs.**
Income					
Membership Admission Fees	217.44	266.61	416.13	226.69	63.07
Annual Subscription Fees	16.45	25.80	39.33	29.50	71.43
Transaction fees	53.07	531.74	1,102.86	791.35	985.78
Terminal Charges	10.62	30.08	32.09	23.98	19.22
Content Development/Know-How Fees / IT Enabled/Software related services	0.00	45.79	65.39	0.00	59.97
Other Income					
Income from investment and bank deposits	26.69	106.96	309.42	233.72	295.47
Deposit Appropriation	6.83	16.42	27.20	21.50	25.48
Other Income	5.44	20.49	70.90	46.95	62.63
Total Income	**336.54**	**1,043.89**	**2,063.32**	**1373.69**	**1583.05**
Expenses					
Staff Cost	19.66	63.24	161.85	108.76	201.22
Establishment Expenses	18.00	9.00	0.00	0.00	0.00
Software Support Charges	25.50	61.50	79.21	57.60	108.25
Repairs and maintenance	1.35	16.68	30.44	21.69	17.51
Rent and Service Charges	9.16	28.91	44.34	29.42	73.01
Advertisement expenses	13.66	43.06	63.15	57.48	45.72
Business promotion/development expenses	4.58	35.26	21.18	11.52	20.41
Sponsorship and seminar expenses	6.02	11.16	68.69	46.66	13.31
Travelling and Conveyance	10.28	16.02	30.78	21.10	28.71
Communication expenses	8.51	18.12	26.01	18.29	22.90
Legal and Professional Fees	11.27	21.33	48.45	31.53	48.91
License fees	0.00	0.00	23.39	14.21	49.03
Contribution to IPF	0.00	0.00	2.50	1.88	1.88

	Fiscal			Nine months ended December 31,	
	2005 **Rs.**	**2006** **Rs.**	**2007** **Rs.**	**2006** **Rs.**	**2007** **Rs.**
Other Operating Expense	14.11	29.43	101.84	64.77	151.13
Total expenses (excluding depreciation and interest)	**142.09**	**353.71**	**701.83**	**484.91**	**781.99**
Profit Before Depreciation/ amortisation, Interest and Tax	**194.45**	**690.18**	**1,361.49**	**888.78**	**801.06**
Depreciation / Amortization	38.34	57.12	89.71	64.11	85.08
Interest	0.24	0.92	6.06	3.46	0.15
Profit Before Tax	**155.87**	**632.14**	**1,265.72**	**821.21**	**715.83**
Provision for tax	**57.74**	**175.11**	**333.36**	218.76	168.38
Net Profit After Tax	**98.13**	**457.03**	**932.36**	**602.45**	**547.45**

Nine Months ended December 31, 2007 compared to Nine Months ended December 31, 2006

Income

Transaction Fees. Transaction fees increased 24.57% from Rs.791.35 million for the Nine months ended December 31, 2006 to Rs.985.78 million for the nine months ended December 31, 2007. This increase was primarily attributable to a 26.88% increase in total trading volume during the Nine months ended December 31, 2007 over the same time period in 2006 resulting primarily from, an increase in the number of members from 1553 as of December 31, 2006 to 1811 as of December 31, 2007 and due to the revised transaction fees structure which was with effect from May 1, 2007.

Membership Admission Fees. Membership Admission fees decreased 72.18% from Rs.226.69 million for the Nine months ended December 31, 2006 to Rs.63.07 million for the Nine months ended December 31, 2007. This decrease was due to the fact that from the period of April 1, 2006 to December 31, 2006, our membership increased by an addition of 294 members, whereas from the period April 1, 2007 to December 31, 2007, our membership increased by an addition of only 49 members.

Annual Subscription Fees. Annual subscription fees increased 142.14% from Rs.29.50 million for the Nine months ended December 31, 2006 to Rs.71.43 million for the Nine months ended December 31, 2007. This was mainly due to increase in the annual subscription fees for TCM from Rs 50,000 in fiscal 2007 to Rs. 75000 in fiscal 2008 and for ITCM from Rs 50,000 in fiscal 2007 to Rs 100,000 in fiscal 2008.

Terminal Charges. Terminal charges decreased 19.84% from Rs.23.98 million for the Nine months ended December 31, 2006 to Rs.19.22 million for the Nine months ended December 31, 2007. This decrease was due to shift from VSAT terminals to leased line terminals. The total number of terminals increased from 7068 as on December 31, 2006 to 7270 as on December 31, 2007.

Content Development/Know How Fees/ information technology enabled/ software related services. We charged Singapore Mercantile Exchange Pte Limited Rs 59.97 million to set up an exchange and to provide exchange related documentation in electronic form and contributed to development of their electronic trading, clearing and settlement platform.

Other Income

Deposit Appropriation. Deposit appropriation increased 18.51% from Rs.21.50 million for the Nine months ended December 31, 2006 to Rs.25.48 million for the Nine months ended December 31, 2007. This increase was due to an increase in the total number of installed VSATs, from 807 as on December 31, 2006 to 893 as on December 31, 2007.

Income from investments and bank deposits. Income from investments and bank deposits increased by 26.42% from Rs.233.72 million for the Nine months ended December 31, 2006 to Rs.295.47 million for the Nine months ended December 31, 2007. This increase was due to increases in interest earned on our bank deposits and dividend income generated by our short-term and long-term investments.

Other Income. Other income increased 33.40% from Rs.46.95 million for the Nine months ended December 31, 2006 to Rs.62.63 million for the Nine months ended December 31, 2007. This increase was primarily due to increased revenues we derived from data request charges, bandwidth charges and income from advertisement in ‘Commodity Vision’.

Expenses

Total expenses increased 56.97% from Rs.552.48 million for the Nine months ended December 31, 2006 to Rs.867.22 million for the Nine months ended December 31, 2007. The most significant components of this increase were the increase in our staff costs, rent and service charges, software support charges and licenses fees.

Staff costs. Staff cost increased by 85.01% from Rs.108.76 million for the Nine months ended December 31, 2006 to Rs.201.22 million for the Nine months ended December 31, 2007. This increase was primarily due to increase in remuneration paid to our employees as well as higher costs associated with an increase in the number of employees hired to support our growth. The number of our employees increased from 370 as of December 31, 2006 to 460 as of December 31, 2007. This expense was 7.92% and 12.71% of our total income for the Nine months ended December 31, 2006 and for the Nine months ended December 31, 2007, respectively.

Establishment Expense, Software Support Charges and Repairs and Maintenance. Establishment expense, software support charges and repairs and maintenance increased by 58.61% from Rs.79.29 million for the Nine months ended December 31, 2006 to Rs.125.76 million for the Nine months ended December 31, 2007. This increase was primarily due to increases in our fees paid to FTIL for management service charges, and for technical services for our exchange software provided by FTIL. This expense was 5.77% and 7.94% of our total income for the Nine months ended December 31, 2006 and for the Nine months ended December 31, 2007, respectively.

Rent and Service Charges. Rent and service charges increased by 148.16% from Rs.29.42 million for the Nine months ended December 31, 2006 to Rs.73.01 million for the Nine months ended December 31, 2007. This increase resulted from rent and service charges we incurred in connection with additional office space we leased to support our business growth. This expense was 2.14% and 4.61% of our total income for the Nine months ended December 31, 2006 and for the Nine months ended December 31, 2007, respectively.

Advertisement Expenses. Advertisement expense (including exceptional expenses) decreased by 20.46% from Rs.57.48 million for the Nine months ended December 31, 2006 to Rs.45.72 million for the Nine months ended December 31, 2007. This decrease was primarily due to less spending on our corporate branding campaign and expenses incurred in connection with the commencement of our education and certification programs. This expense was 4.18% and 2.89% of our total revenue for the Nine months ended December 31, 2006 and for the Nine months ended December 31, 2007, respectively.

Business promotion/development Expense. Business promotion/development expense increased by 77.17% from Rs.11.52 million for the Nine months ended December 31, 2006 to Rs.20.41 million for the Nine months ended December 31, 2007. Market development fees were incurred for product development and for the promotion of our new products. This expense was 0.84% and 1.29% of our total revenue for the Nine months ended December 31, 2006 and for the Nine months ended December 31, 2007, respectively.

Sponsorship and Seminar Expense. Sponsorship and seminar expense (including exceptional expenses) decreased by 71.47% from Rs.46.66 million for the Nine months ended December 31, 2006 to Rs.13.31 million for the Nine months ended December 31, 2007. There was a comparative less expense incurred towards sponsored events and conducted seminars to educate and promote commodities trading. This expense was 3.40% and 0.84% of our total revenue for the Nine months ended December 31, 2006 and for the Nine months ended December 31, 2007, respectively.

Travelling and Conveyance Expenses. Travelling and conveyance expenses increased by 36.07% from Rs.21.10 million for the Nine months ended December 31, 2006 to Rs.28.71 million for the Nine months ended December 31, 2007. This increase was primarily due to increase in expenses we incurred for hotel, food, air/train travel, hire of vehicles, local conveyance etc. These expenses were incurred in line with the growth in business. This expense was 1.54% and 1.81% of our total revenue for the Nine months ended December 31, 2006 and for the Nine months ended December 31, 2007, respectively.

Communication Expenses. Communication expenses increased by 25.21% from Rs.18.29 million for the Nine months ended December 31, 2006 to Rs.22.90 million for the Nine months ended December 31, 2007. This increase was primarily due to increase in expenses we incurred for telephone, lease line and bandwidth charges. These expenses were incurred in line with the growth in business. This expense was 1.33% and 1.45% of our total revenue for the Nine months ended December 31, 2006 and for the Nine months ended

December 31, 2007, respectively.

Legal and Professional Fees. Legal and professional fees increased by 55.12% from Rs.31.53 million for the Nine months ended December 31, 2006 to Rs.48.91 million for the Nine months ended December 31, 2007. This increase was primarily due to increase in expenses we incurred for fees paid to commodity and industry specialists. This expense was 2.30% and 3.09% of our total revenue for the Nine months ended December 31, 2006 and for the Nine months ended December 31, 2007, respectively.

License Fees. License fees increased by 245.04% from Rs.14.21 million for the Nine months ended December 31, 2006 to Rs.49.03 million for the Nine months ended December 31, 2007. This increase was primarily due to increase in volume of the commodities for which the company has to pay license fees. This expense was 1.03% and 3.10% of our total revenue for the Nine months ended December 31, 2006 and for the Nine months ended December 31, 2007, respectively.

Other Operating Expenses. Other operating expenses increased 133.33% from Rs.64.77 million for the Nine months ended December 31, 2006 to Rs.151.13 million for the Nine months ended December 31, 2007. This increase was primarily due to increases in our fees paid to auditors, printing and stationary, electricity charges, repairs and maintenance, membership and subscription fees etc. This expense was 4.72% and 9.55% of our total revenue for the Nine months ended December 31, 2006 and for the Nine months ended December 31, 2007, respectively.

Depreciation/Amortization. Depreciation/amortization increased 32.71% from Rs.64.11 million for the Nine months ended December 31, 2006 to Rs.85.08 million for the Nine months ended December 31, 2007. This increase was due to depreciation charges on additional networking equipment, computer hardware and furniture and fixtures we purchased support the business expansion. This expense was 4.67% and 5.37% of our total revenue for the Nine months ended December 31, 2006 and for the Nine months ended December 31, 2007, respectively.

Interest. Interest decreased by 95.56% from Rs.3.46 million for the Nine months ended December 31, 2006 to Rs.0.15 million for the Nine months ended December 31, 2007. There was a decrease in overdraft and finance costs.

Profit before Tax

Profit before tax decreased 12.83% from Rs. 821.21 million for the Nine months ended December 31, 2006 to Rs. 715.83 million Nine months ended December 31, 2007.

Provision for Tax

Provision for income tax decreased 23.03% from Rs.218.76 million for the Nine months ended December 31, 2006 to Rs.168.38 million for the Nine months ended December 31, 2007. This decrease was primarily due to a decrease in the provision for current income tax, which decreased significantly due to decrease in taxable profit. Our deferred tax expense was Rs.7.63 million for the Nine months ended December 31, 2006 against the savings of Rs. 11.23 million for the Nine months ended December 31, 2007.

Profit After Tax

Our profit after tax decreased 9.13% from Rs.602.45 million for the Nine months ended December 31, 2006 to Rs.547.45 million for the Nine months ended December 31, 2007.

Fiscal 2007 compared to Fiscal 2006

Income

Transaction Fees. Transaction fees increased 107.41% from Rs.531.74 million for fiscal 2006 to

Rs.1102.86 million for fiscal 2007. The turnover increase from Rs. 9,616,327.17 million in 2006 to Rs. 22,937,239.32 million in 2007.

Membership *Admission Fees*. Membership Admission fees increased 56.08% from Rs.266.61 million for fiscal 2006 to Rs.416.13 million for fiscal 2007. This increase was primarily attributable to an increase in the number of our members, from 1,259 members as of March 31, 2006 to 1,762 members as of March 31, 2007, as well as an increase in the amount of admission fees we charged our members in fiscal 2007. See the chart on page 214 of this Draft Red Herring Prospectus for details regarding the increases in the amount of admission fees we charged to our members.

Annual Subscription Fees. Annual subscription fees increased 52.44% from Rs.25.80 million for fiscal 2006 to Rs.39.33 million for fiscal 2007. This increase was due to an increase in the number of members from 1,259 as of March 31, 2006 to 1762 as of March 31, 2007, and also due to increase in admission fees from Rs. 25,000 in 2006 to Rs. 50,000 in fiscal 2007.

Terminal Charges. Terminal charges increased 6.68% from Rs.30.08 million for fiscal 2006 to Rs.32.09 million for fiscal 2007. This increase was due to an increase in the total number of terminals from 6,221 as on March 31, 2006 to 7,206 as on March 31, 2007.

Content development / know-how fees / information technology enabled / software related services. In fiscal 2007, we billed GBOT Rs. 65.39 million to set up an exchange and to provide exchange related documentation in electronic form and contributed to development of their electronic trading, clearing and settlement platform. In fiscal 2006 we billed DGCX Rs.45.79 million towards these services.

Other Income

Deposit Appropriation. Deposit appropriation increased 65.65% from Rs.16.42 million for fiscal 2006 to Rs.27.20 million for fiscal 2007. This increase was due to an increase in the total number of installed VSATs increased from 604 as on March 31, 2006 to 826 as on March 31, 2007.

Income from Investments and Bank Deposits. Income from investments and bank deposits increased 189.29% from Rs.106.96 million for fiscal 2006 to Rs.309.42 million for fiscal 2007. This increase was due to an increase in the amount of funds we deposited in interest earning bank accounts and increases in dividend income generated by our short-term and long-term investments, which increased significantly due to higher cash resources from our operations and deposits maintained with us by our members which increased substantially.

Other Income. Other income increased 246.02% from Rs.20.49 million for fiscal 2006 to Rs.70.90 million for fiscal 2007. This increase was primarily due to an increase in income earned from fees charged for seminars and empanelment fees we received for providing CTCL software to members.

Expenses

Total expenses increased 93.71% from Rs.411.75 million for fiscal 2006 to Rs.797.60 million for fiscal 2007. This increase was primarily due to increases in our staff cost, sponsorship and seminar rent and service charges and legal and professional charges.

Staff cost. Staff cost increased by 155.93% from Rs.63.24 million for fiscal 2006 to Rs.161.85 million for fiscal 2007. This increase was primarily due to higher costs associated with an increase in the number of employees hired to support our growth. The number of our employees increased from 267 as of March 31, 2006 to 418 as of March 31, 2007. Employees' salaries and allowance increased from Rs. 55.43 million for fiscal 2006 to Rs. 144.70 million for fiscal 2007. Staff cost was 6.06% and 7.84% of our total income for fiscal 2006 and 2007, respectively.

Establishment Expenses, Software Support Charges and Repairs and Maintenance. Establishment expenses, software support charges and repairs and maintenance increased by 25.77% from Rs.87.18 million for fiscal 2006 to Rs.109.65 million for fiscal 2007. This increase was primarily due to the increases in charges paid to FTIL towards management service charges and for technical services for our exchange software provided by FTIL as per our agreements with FTIL. These expenses were 8.35% and 5.31% of our total income for fiscal 2006 and 2007, respectively.

Rent and Service Charges. Rent and service charges increased by 53.37% from Rs. 28.91 million for fiscal 2006 to Rs. 44.34 million for fiscal 2007. This expense was 2.77% and 2.15% of our total income for fiscal 2006 and 2007, respectively.

Advertisement Expenses. Advertisement expenses (including exceptional) increased 46.67% from Rs.43.06 million for fiscal 2006 to Rs. 63.15 million for fiscal 2007. This increase was primarily due to higher spending on our corporate branding campaigns, towards education and certification programs. This expense was 4.12% and 3.06% of our total income for fiscal 2006 and 2007, respectively.

Business Promotion / Development Expenses. Business promotion/development expenses decreased 39.94% from Rs.35.26 million for fiscal 2006 to Rs. 21.18 million for fiscal 2007. This decrease was primarily due to less awareness spreading and educational programs conducted to market traders in fiscal 2007 as compared to fiscal 2006. This expense was 3.38% and 1.03% of our total income for fiscal 2006 and 2007, respectively.

Sponsorship and Seminar Expense Sponsorship and seminar expense (including exceptional expenses) increased 515.50% from Rs.11.16 million for fiscal 2006 to Rs.68.69 million for fiscal 2007. This increase was primarily due to increase in conducting seminars and events in association with FMC and other Exchanges. This expense was 1.07% and 3.33% of our total income for fiscal 2006 and 2007, respectively.

Travelling and Conveyance Expense. Travelling and conveyance expense increased by 92.13% from Rs 16.02 million for fiscal 2006 to Rs.30.78 million for fiscal 2007. This increase was primarily due to increase in expenses we incurred for hotel, food, air/train travel, hire of vehicles, local conveyance etc. This expense was 1.53% and 1.49% of our total income for fiscal 2006 and 2007, respectively.

Communication Expense. Communication expense increased by 43.54% from Rs 18.12 million for fiscal 2006 to Rs.26.01 million for fiscal 2007. This increase was primarily in line with the growth of the company and due to increase in offices locally and across the country. This expense was 1.74% and 1.26% of our total income for fiscal 2006 and 2007, respectively.

Legal and Professional Charges. Legal and professional charges increased by 127.14% from Rs.21.33 million for fiscal 2006 to Rs.48.45 million for fiscal 2007. This increase was primarily due to an increase in the amounts paid to various consultants to provide us with technical information, market reports, and trend analyses on various commodities in connection with developing new products for our exchange. This expense was 2.04% and 2.35% of our total income for fiscal 2006 and 2007, respectively.

License Fees. License fees increased from Nil for fiscal 2006 to Rs.23.39 million for fiscal 2007. The licence fees expenses were incurred for the first time in fiscal 2007. This expense was 1.13% of our total income for 2007.

Contribution to IPF. As per FMC guidelines for investor protection fund the Company has to set aside Rs 2.50 million or 1% of total transaction charges for the year, whichever amount is lower. In fiscal 2007 we have contributed Rs. 2.50 million towards IPF.

Other Operating Expense. Other operating expense increased 246.05% from Rs. 29.43 million for fiscal 2006 to Rs. 101.84 million for fiscal 2007. This increase was primarily due to increases in communication expenses, printing and stationery, share issue expenses, security expenses, membership and subscription fees, office expenses, recruitment charges and warehouse rents, etc. This expense was 2.82% and 4.94% of our total income for fiscal 2006 and 2007, respectively.

Depreciation/Amortization. Depreciation/amortization increased 57.06% from Rs.57.12 million for fiscal 2006 to Rs.89.71 million for fiscal 2007. This increase was due to depreciation in additional networking equipment, VSAT, computer hardware and furniture and fixtures we purchased during fiscal 2007 as we expanded our operations. This expense was 5.47% and 4.35% of our total income for fiscal 2006 and 2007, respectively.

Interest. Interest paid on arrears of tax increased 558.70% from Rs.0.92 million for fiscal 2006 to Rs.6.06 million for fiscal 2007. This increase was due to short provision of tax based on estimates as compared to actual profits.

Profit before Tax

Profit before tax increased from Rs.632.14 million for fiscal 2006 to a profit of Rs. 1,265.72 million for fiscal 2005.

Provision for Tax

Provision for tax increased from Rs.175.11 million for fiscal 2006 to Rs.333.36 million for fiscal 2007. This increase was primarily due to an increase in the provision for current income tax of Rs. 156.71 million, which increased significantly due to increase in taxable profit for fiscal 2007. Our deferred tax expense was Rs.7.44 million for fiscal 2006 and Rs.5.98 million for fiscal 2007.

Profit After Tax

Our profit after tax increased from Rs.457.03 million for fiscal 2006 to Rs.932.36 million for fiscal 2007. This increase was primarily due an increase in the amount of admission fees we collected caused by an increase in the number of members, increased transaction associated with an increase in trading volumes, as well as favorable returns on our investments made in fixed deposits and mutual funds, which resulted in an increase of 104% in our total income in fiscal 2007 over fiscal 2006. By comparison, our total expenses increased by 93.71% from Rs.411.75 million for fiscal 2006 to Rs.797.60 million for fiscal 2007.

Fiscal 2006 compared to Fiscal 2005

Income

Transaction Fees. Transaction fees increased 901.96% from Rs. 53.07 million for fiscal 2005 to Rs.531.74 million for fiscal 2006. The turnover increase from Rs. 1,665,257.30 million in 2005 to Rs.9,616,327.17 million in 2006.

Membership Admission Fees. Membership admission fees increased 22.61% from Rs.217.44 million for fiscal 2005 to Rs.266.61 million for fiscal 2006. This increase was primarily attributable to an increase in the number of our members, from 843 members as of March 31, 2005 to 1,259 members as of March 31, 2006, as well as an increase in the amount of admission fees we charged our members in fiscal 2006. See the chart on page 214 of this Draft Red Herring Prospectus for details regarding the increases in the amount of admission fees we charged to our members.

Annual Subscription Fees. Annual subscription fees increased 56.84% from Rs.16.45 million for fiscal 2006 to Rs.25.80 million for fiscal 2006. This increase was due to an increase in the number of members from 843 as of March 31, 2005 to 1,259 as of March 31, 2006.

Terminal Charges. Terminal charges increased 183.24% from Rs.10.62 million for fiscal 2005 to Rs.30.08 million for fiscal 2006. This increase was due to an increase in the total number of terminals from 4,523 as on March 31, 2005 to 6,221 as on March 31, 2006.

Content development / know-how fees / information technology enabled / software related services. There was no income in fiscal 2005, in fiscal 2006 Company charged DGCX Rs.45.79 million towards content development.

Other Income

Deposit Appropriation. Deposit appropriation increased 140.41% from Rs.6.83 million for fiscal 2005 to Rs.16.42 million for fiscal 2006. This increase was due to an increase in the total number of installed VSATs, from 324 as on March 31, 2005 to 604 as on March 31, 2006.

Income from Investments and Bank Deposits. Income from investments and bank deposits increased 300.75% from Rs.26.69 million for fiscal 2005 to Rs.106.96 million for fiscal 2006. This increase was due to an increase in the amount of funds we deposited in interest earning bank accounts and increases in dividend income generated by our short-term and long-term investments, which increased significantly due to higher cash resources from our operations and deposits maintained with us by our members which increased substantially.

Other Income. Other income increased 276.65% from Rs.5.44 million for fiscal 2005 to Rs.20.49 million for fiscal 2006. This increase was primarily due to an increase in income earned from penalties charged to our members for shortage of funds and for the non-delivery of goods, fees charged for seminars and empanelment fees we received for providing CTCL software to members.

Expenses

Total expenses increased 127.90% from Rs.180.67 million for fiscal 2005 to Rs.411.75 million for fiscal 2006. This increase was primarily due to increases in our staff cost, sponsorship and seminar and legal and professional charges.

Staff cost. Staff cost increased by 221.67% from Rs.19.66 million for fiscal 2005 to Rs.63.24 million for fiscal 2006. This increase was primarily due to higher costs associated with an increase in the number of employees hired to support our growth. The number of our employees increased from 113 as of March 31, 2005 to 267 as of March 31, 2006. Employees' salaries and bonus increased from Rs. 17.33 million for fiscal 2005 to Rs. 55.43 million for fiscal 2006. Staff cost was 5.84% and 6.06% of our total income for fiscal 2005 and 2006, respectively.

Establishment Expenses, Software Support Charges and Repairs and Maintenance. Establishment expenses, software support charges and repairs and maintenance increased by 94.38% from Rs.44.85 million for fiscal 2005 to Rs.87.18 million for fiscal 2006. This increase was primarily due to the increases in charges paid to FTIL towards management service charges and for technical services for our exchange software provided by FTIL as per our agreements with FTIL. These expenses were 13.33% and 8.35% of our total income for fiscal 2005 and 2006, respectively.

Rent and Service Charges. Rent and service charges increased by 215.61% from Rs. 9.16 million for fiscal 2005 to Rs.28.91 million for fiscal 2006. This expense was 2.72% and 2.77% of our total income for fiscal 2005 and 2006, respectively.

Advertisement Expenses. Advertisement expenses increased 215.31% from Rs.13.66 million for fiscal 2005 to Rs. 43.06 million for fiscal 2006. This increase was primarily due to higher spending on our corporate branding campaign, the commencement of our education and certification programs. This expense was 4.06% and 4.12% of our total income for fiscal 2005 and 2006, respectively.

Business Promotion / Development Expense. Business promotion/development expense increased 670.30% from Rs.4.58 million for fiscal 2005 to Rs. 35.26 million for fiscal 2006. This increase was primarily due to.increase in awareness spreading and educational programs conducted to market traders in fiscal 2006 as compared to 2005. This expense was 1.36% and 3.38% of our total income for fiscal 2005 and 2006, respectively.

Sponsorship and Seminar Expenses Sponsorship and seminar expenses increased 85.38% from Rs.6.02 million for fiscal 2005 to Rs. 11.16 million for fiscal 2006. This increase was primarily due to increase in seminars conducted in fiscal 2006 in comparison to fiscal 2005**.** This expense was 1.79% and 1.07% of our total income for fiscal 2005 and 2006, respectively.

Travelling and Conveyance Expense. Travelling and conveyance expense increased by 55.84% from Rs 10.28 million for fiscal 2005 to Rs.16.02 million for fiscal 2006. This increase was primarily due to increase in expenses we incurred for hotel, food, air/train travel, hire of vehicles, local conveyance etc. This expense was 3.05% and 1.53% of our total income for fiscal 2005 and 2006, respectively.

Communication Expense. Communication expense increased by 112.93% from Rs 8.51 million for fiscal 2005 to Rs.18.12 million for fiscal 2006. This increase was primarily due to increase in expenses incurred in line with the growth of the business. This expense was 2.53% and 1.74% of our total income for fiscal 2005 and 2006, respectively.

Legal and Professional Charges. Legal and professional charges increased by 89.26% from Rs.11.27 million for fiscal 2005 to Rs.21.33 million for fiscal 2006. This increase was primarily due to an increase in the amounts paid to various consultants to provide us with technical information, market reports, and trend analyses on various commodities in connection with developing new products for our exchange. This expense was 3.35% and 2.04% of our total income for fiscal 2005 and 2006, respectively.

Other Operating Expense. Other operating expense increased 108.56% from Rs. 14.11 million for fiscal 2005 to Rs. 29.43 million for fiscal 2006. This increase was primarily due to increases in communication expenses, printing and stationery, share issue expenses, security expenses, membership and subscription fees, office expenses, recruitment charges and warehouse rents, etc. This expense was 4.19% and 2.82% of our total income for fiscal 2005 and 2006, respectively.

Depreciation/Amortization. Depreciation/amortization increased 48.98% from Rs.38.34 million for fiscal 2005 to Rs.57.12 million for fiscal 2006. This increase was due to depreciation in additional networking equipment, VSAT, computer hardware and furniture and fixtures we purchased during fiscal 2006 as we expanded our operations. This expense was 11.39% and 5.47% of our total income for fiscal 2005 and 2006, respectively.

Interest. Interest increased 283.33% from Rs.0.24 million for fiscal 2005 to Rs.0.92 million for fiscal 2006. This increase was due to short provision of tax based on estimates as compared to actual profits. This expense was 0.07% and 0.09% of our total income for fiscal 2005 and 2006, respectively.

Profit before Tax

Profit before tax increased from Rs.155.87 million for fiscal 2005 to a profit of Rs.632.14 million for fiscal 2006.

Provision for Tax

Provision for tax increased from Rs.57.74 million for fiscal 2005 to Rs.175.11 million for fiscal 2006. This increase was primarily due to an increase in the provision for current income tax in the amount of Rs. 162.90 million, which increased significantly due to increase in taxable profit for fiscal 2006. Our deferred tax expense was Rs.38.06. million for fiscal 2005 and Rs.7.44 million for fiscal 2006.

Profit After Tax

Our profit after tax increased from Rs.98.13 million for fiscal 2005 to Rs.457.03 million for fiscal 2006. This increase was primarily due an increase in the amount of admission fees we collected caused by an increase in the number of members, increased transaction associated with an increase in trading volumes, as well as favorable returns on our investments made in fixed deposits and mutual funds, which resulted in an increase of 210.18% in our total income in fiscal 2006 over fiscal 2005. By comparison, our total expenses increased by 127.90% from Rs.180.67 million for fiscal 2005 to Rs.411.75 million for fiscal 2006.

Related party transactions

See the section titled "Related Party Transactions" on page 148 of this Draft Red Herring Prospectus.

Liquidity and Capital Resources

Liquidity

Our primary liquidity requirements have been to finance our working capital needs and our capital expenditures. To fund these costs we have relied primarily on equity contributions, including the sale of common stock and cash flows from operations.

Cash Flows

The table below summarizes our cash flows in fiscal 2005, 2006 and 2007 and for the three month period ended December 31, 2006 and 2007:

(Rs. million)

	Fiscal			Nine months ended December31,	
	2005	**2006**	**2007**	**2006**	**2007**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Net cash generated from operating activities	887.38	2,034.41	1,144.92	988.67	1,433.51
Net cash (used in)/from investing activities	(981.70)	(4205.78)	439.45	(298.02)	(1,732.34)
Net cash generated / (used in) from financing activities	59.96	2,286.39	(1,068.92)	(764.78)	(229.67)
Net(decrease)/ increase in cash and cash equivalents	(34.36)	115.02	515.45	(74.13)	(528.50)

Net Cash Flows Generated from Operating Activities

Net cash generated from operating activities in the nine months ended December 31, 2007 was Rs.1,433.51 million and our profit before tax in such period was Rs. 715.83 million. Cash provided by operations in the nine months ended December 31, 2007 consisted of Rs.506.89 million of operating profit before working capital changes of Rs. 1,385.93 million and taxes paid off Rs. 459.31 million.

Net cash generated from operating activities in the nine months ended December 31, 2006 was Rs. 988.67 million while profit before tax was Rs. 821.21 million in such period. Cash provided by operations in the nine months ended December 31, 2006 consisted of Rs.654.09 million of operating profit before working capital changes of Rs. 548.83 million and taxes paid off Rs. 213.75 million.

In fiscal 2007, net cash generated from operating activities was Rs. 1,144.92 million, while profit before tax was Rs. 1,265.72 million. In fiscal 2006, net cash generated from operating activities was Rs. 2,034.41 million, while profit before tax was Rs. 632.14 million. In fiscal 2005, net cash generated from operating activities was Rs. 887.38 million, while profit before tax was Rs. 155.87 million.

Net Cash Flows Used in Investing Activities

Net cash used in investing activities in the nine months ended December 31, 2007 was Rs. 1,732.34 million. Cash used in investing activities in the nine months ended December 31, 2007 included capital expenditures of Rs. 144.83 million as well as Rs. 67,271.59 million towards the purchase of investments and units of mutual funds and towards fixed deposits placed with banks. The proceeds from redemption / sale of investment was Rs. 65,486.55 million.

Net cash used in investing activities in the nine months ended December 31, 2006 was Rs.298.02 million. Cash used in investing activities in the nine months ended December 31, 2006 included capital expenditures of Rs.786.43 million as well as Rs.29,059.81 million of purchases of investments, units of mutual funds and fixed deposits placed with banks. The proceeds from redemption / sale of investment were Rs. 29,343.81 million.

Net cash from investing activities in fiscal 2007 was Rs. 439.45 million. Cash used in investing activities in the fiscal 2007 included capital expenditures of Rs. 1,039.06 million as well as Rs.39,695.65 million used in purchases of investments, including fixed deposits made in banks. The proceeds from redemption / sale of investment was Rs. 40,906.65 million.

Net cash used in investing activities in fiscal 2006 was Rs. 4,205.78 million. Cash used in investing activities in fiscal 2006 consisted of capital expenditures of Rs. 223.77 million as well as Rs. 12,809.96 million used in purchases of investments, including fixed deposits made in banks. The proceeds from redemption / sale of investment were Rs. 8,717.97 million.

Net cash used in investing activities in fiscal 2005 was Rs. 981.70 million. Cash used in investing activities in fiscal 2005 consisted of capital expenditures of Rs. 71.55 million as well as Rs. 967.77 million used in purchases of investments, including fixed deposits made in banks. The proceeds from redemption / sale of investment were Rs. 40.00 million.

Net Cash Flows Generated from Financing Activities

Net cash used in financing activities in the nine months ended December 31, 2007 was Rs. 229.67 million as there were only cash outflows which include payment of dividends (including tax thereon) of Rs. 229.17 million and the share issue expenses of Rs. 0.50 million.

Net cash used in financing activities in the nine months ended December 31, 2006 was Rs. 764.78 million as there were only cash outflows which include payment of dividends (including tax thereon) of Rs. 764.78 million.

Net cash used in financing activities in fiscal 2007 was Rs. 1,068.92 million. The net cash outflows included proceeds from the sale of equity shares of Rs. 1.19 million and securities premium of Rs. 2.13 million, payment of dividends (including tax thereon) of Rs. 1,066.18 million and the payment of interest expenses of Rs. 6.06 million

Net cash used in financing activities in fiscal 2006 was Rs. 2,286.39 million. The net cash inflows included proceeds from the sale of equity shares of Rs. 164.47 million and securities premium of Rs. 2,228.93 million, repayment of borrowings of Rs. 0.43 million, payment of dividend (including tax thereon) of Rs. 24.53 million and interest expenses Rs. 0.92 million.

Net cash used in financing activities in fiscal 2005 was Rs. 59.96 million. The net cash inflows included proceeds from the sale of equity shares in the amount of Rs. 60.40 million, share application money of Rs. 10.00 million, repayment of borrowings of Rs. 10.20 million and included payment of interest expenses of Rs. 0.24 million.

Capital Expenditures

Capital expenditures represent the additions in our fixed assets plus changes in capital work in progress (i.e., expenses incurred in relation to work in progress but not capitalized) and advance payments on account of capital expenditures. Our capital expenditures in fiscal 2005, fiscal 2006 and fiscal 2007 were Rs. 71.55 million, Rs. 223.77 million and Rs. 1,039.06 million, respectively. These capital expenditures were incurred primarily towards capital investment in technology, networking equipment, software and furniture and fixtures.

We expect to finance our capital expenditures primarily through a combination of cash flow from operations and the net proceeds of this Issue, as may be required. We believe these funds will enable us to meet our capital expenditure requirements for the foreseeable future. We may also use a portion of our available cash to invest in business ventures or products that are complementary to our business. Our future liquidity and capital requirements depend on a number of factors, including product development, new business opportunities and the development and maintenance of our technology systems. If capital requirements vary materially from those currently planned, we may require additional financing sooner than anticipated. Any additional equity financing may be dilutive to our stockholders and debt financing, if available, may involve restrictive covenants with respect to dividends, capital raising and other financial and operational matters that could restrict our operations.

Quantitative and Qualitative Disclosures about Market Risk

Exchange Rate Risk

Changes in currency exchange rates influence our results from operations. Further, our future capital expenditures may be denominated in currencies other than Indian rupees. Therefore, declines in the value of the Rupee against such other currencies could increase the Rupee cost of servicing our debt and expanding our operations. The exchange rate between the Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. Although we may enter into hedging arrangements against currency exchange rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in currency exchange rates.

Inflation

In recent years, India has not experienced significant inflation, and accordingly inflation has not had any material impact on our business and results from operations. According to the data published by the office of the Economic Advisor, Ministry of Commerce and Industry, inflation in India was 6.5%, 4.4%, and 5.4% in fiscal 2005, 2006 and 2007 respectively Rise in inflation rates in may adversely affect growth in the Indian economy and our results from operations.

Unusual or infrequent events or transactions

Except as described in this Draft Red Herring Prospectus, there have been no events or transactions which may be described as “unusual” or “infrequent”.

Significant economic changes/regulatory changes

We are subject to regulation by the FMC and the Ministry of Consumer Affairs, Government of India which regulates the commodities futures industry in India. For further details, see the sections titled “Risk Factors” on page x, “Industry Overview” and “Regulations and Policies” on pages 52 and 89 of this Draft Red Herring Prospectus.

Known trends or uncertainties

Except as described elsewhere in this Draft Red Herring Prospectus, there are no known trends or uncertainties which are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future relationship between costs and income

Except as described elsewhere in this Draft Red Herring Prospectus, there are no known factors which are expected to have a material adverse impact on the operation or finances of our Company.

New product or business segment

Our business strategy includes the development and introduction of new products on our exchange. For further details, refer to our discussion in the section titled "Business- Products" on page 68 of this Draft Red Herring Prospectus.

Seasonality of business

Our business is subject to seasonality. For further details, refer to our discussion of seasonality in the section titled "Risk Factors" on page x of this Draft Red Herring Prospectus.

Significant dependence on a single or few suppliers or customers

Our business is significantly dependent on technology licensed from FTIL. For further details, refer to our discussions of the technology licensed from FTIL in the sections titled "Risk Factors," and "Our Business" on pages x and 64 ,respectively, of this Draft Red Herring Prospectus.

Competitive conditions

We expect competition to intensify from existing and potential new competitors. For further details, see the sections titled "Risk Factors," on page x of this Draft Red Herring Prospectus, "Industry Overview" on page 52 of this Draft Red Herring Prospectus and "Our Business - Competition" on page 84 of this Draft Red Herring Prospectus.

Critical Accounting Policies

Our financial statements are prepared in accordance with Indian GAAP and the accompanying notes thereto included elsewhere in this Draft Red Herring Prospectus include information that is relevant to this discussion and analysis of our financial condition and results of operations. The preparation of our financial statements in conformity with Indian GAAP requires our management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenditures, and the related disclosure of cash flows and contingent liabilities, among others. Certain key accounting policies relevant to our business and operations have been described below. For a detailed description of our significant accounting policies, see Annexure III of the restated financial statements under Indian GAAP included on page 157 of this Draft Red Herring Prospectus.

Fixed assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. They are stated at historical cost.

Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer software and trademark are amortized over a period of 60 months on a straight-line basis.

Depreciation

Depreciation on assets other than leasehold improvements and networking equipments (VSAT) has been provided for on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule – XIV of the Companies Act. Leasehold improvements are depreciated over the period of the lease and networking equipments (VSAT) are depreciated over a period of five years.

Revenue recognition

Revenue (income) is recognized when no significant uncertainty as to measurement and realization exists.

Admission fees are non-refundable and are collected from new members on their joining the commodity exchange. They are recognised on collection.

Annual subscription fees collected from members are-non refundable and are accrued annually.

Transaction fees are charged to members based on the volume of transactions entered into by the members through the exchange. These are accrued when orders placed by members on the network are matched and confirmed.

Revenue from terminal charges is accrued on creation of a new chargeable user ID.

Dividend income is recognised when the Company's right to receive dividend is established.

Interest income is recognised on time proportion basis.

Foreign exchange transactions

Transactions in foreign currency are recorded at the original rates of exchange in force at the time transactions are affected. Exchange differences arising on repayment of foreign currency liabilities incurred for the purpose of acquiring fixed assets from a country outside India are adjusted in the carrying amount of the respective fixed assets. Exchange differences arising on settlement of all other transactions are recognized in the profit and loss account. Monetary items (other than those related to acquisition of fixed assets from a country outside India) denominated in foreign currency are restated using the exchange rate prevailing at the date of the balance sheet and the resulting net exchange difference is recognized in the profit and loss account. The exchange gain/loss arising on restatement of foreign currency liability relating to fixed assets acquired from a country other than India, is adjusted in the value of the related fixed assets.

Retirement benefits

Retirement benefits are expensed to revenue as incurred. The Company's contribution to provident fund is made in accordance with the relevant statute. The Company's liability towards gratuity is funded through a scheme (Group Gratuity) administered by the Life Insurance Corporation of India. Leave encashment is provided for on actual basis in accordance with the Company's scheme in this respect.

Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

Investments

Current investments are carried at the lower of cost and quoted/fair value. Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

Income taxes

Income taxes are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income ("AS 22") issued by The Institute of Chartered Accountants of India. Tax expense comprises both current tax and deferred tax. Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at substantively enacted tax rates. At each Balance Sheet date, the Company reassesses unrealized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

Operating leases

Assets taken on lease under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

Contingent liabilities

Contingent liabilities as defined in Accounting Standard 29 on Provisions, Contingent Liabilities and Contingent Assets are disclosed by way of notes to our accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

Significant Developments after Decemeber 31, 2007 that may affect our future Results of Operations

To our knowledge and belief, no circumstances other than as those disclosed in this Draft Red Herring Prospectus have arisen since the date of the last financial statements contained in the Draft Red Herring Prospectus which materially affect or are likely to affect, the trading and profitability of the Company, or the value of our assets or our ability to pay material liabilities within the next 12 months."

Information required as per Clauses 6.10.5.2 and 6.10.5.5 of the SEBI Guidelines

Unusual or infrequent events or transactions. There have been no events, to our knowledge, other than as described in this Draft Red Herring Prospectus, which may be called "unusual" or "infrequent."

Significant economic changes that materially affected or are likely to affect income from continuing operations. Other than as mentioned under " Key Factors Affecting our Results of Operation" beginning on page 207 of this section, to our knowledge, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations. Other than as described elsewhere in this Draft Red Herring Prospectus, particularly in "Risk Factors" and this section beginning on pages x and 207, respectively, of this Draft Red Herring Prospectus, to our knowledge, there are no trends or uncertainties that have or are expected to have a material adverse impact on revenues or income of the Company from continuing operations.

Future changes in relationship between costs and revenues, in case of events such as future increase in labor or material costs or prices that will cause a material change are known. Other than as described elsewhere in this Draft Red Herring Prospectus, particularly as mentioned under "Key Factors Affecting Our Results of Operations" beginning on page 207 of this section, to our knowledge there are no known factors that might affect the future relationship between costs and revenues.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices. Changes in revenues during the last three years are as explained under "Key Factors Affecting Our Results of Operations" beginning on page 207 of this section.

In the opinion of the Board of Directors, no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus, which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

SECTION VI: LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATION

Except as described below and in the notes to the financial statements in this Draft Red Herring Prospectus, there are no contingent liabilities not provided for, outstanding litigation, disputes, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against the Company, its Directors and its Promoter and Promoter Group companies that would have a material adverse effect on its business, except the following:-

Cases filed against our Company

a. Kaushik Kumar Dixit, the complainant filed a complaint (Consumer Complaint No. 251 of 2006) against India Bulls and Multi Commodity Exchange of India Limited and others at the District Consumer Disputes Redressal Forum, Surat. The complainant has prayed for compensation of a sum of Rs. 426,220 from the Opposite Parties for the alleged loss incurred by him. We have filed our reply denying all the allegations. The case is pending.

b. D. Ravi, the Plaintiff has filed the suit (Original Suit No. 7471 of 2006) against JRG Wealth Management Limited, the Regional Manager, JRG Wealth Management Private Limited and Multi Commodity Exchange of India Limited, at the City Civil Court, Chennai. The suit has been filed by Plaintiff for seeking declaration from the Court that the Member-client agreement executed between the parties is a "wagering contract" and there is no legally enforceable debt out of the said wagering agreement. The Plaintiff has further prayed that the trading done by the Respondent on the Exchange platform on behalf of Plaintiff is "illegal forward trading" in future market by indirectly dealing in " option in goods" which is prohibited under section 19 of FC(R) Act, 1952. We have replied to the suit maintaining that Forward Contracts on commodity exchanges are not wagering contracts. The case is pending

c. Mr. Hiralal Sanghavi and other Applicants have filed a claim (MACT Application No. 2400 of 2006) against Multi Commodity Exchange of India Limited and New India Assurance Company Limited., the insurer in the present case at the Motor Accident Claim Tribunal, Mumbai. The said complaint has been filed for recovery of a sum of Rs. 2,500,000 under section 166 and Rs. 50,000 under section 140 of Motor Vehicle Act. The Exchange has filed its reply. The case is still pending

d. M/s Aavaran, has filed a suit (Title Suit No. 682 of 2007) against Rainbow Commodities and Derivatives Private Limited, Multi Commodity Exchange of India Limited, Shri. R. Krishnamurthy, Shri V. H. Pandya, Shri. Anil Shah, the Defendants in the present suit at City Civil Court, Kolkata. The suit has been filed by the Plaintiff for seeking injunction restraining the Exchange from giving effect to the notice of hearing issued to the Plaintiff under section 8.1 of Business Rule 37 of the Exchange and restraining the other Respondents from holding the arbitration. There in no monetary claim in the present case. The case is pending.

e. Siddhant Chemicals, the Complainant has filed the complaint (Complaint no. 111/2007) against Multi Commodity Exchange of India Limited and M/s Sohan Lal and Company, the Opponents in the present complaint before Consumer Forum, Muradabad. The present Complain has been filed for obtaining direction from the Honourable Court for handing over Form 3C2 to the Complainant and to pay a sum of Rs. 500,000 to the Complaint for the loss incurred by him. The Exchange has filed its vakalatnama and reply. The case is pending.

f. Hemant Badama Jain, the Applicant has filed a claim (MACT Application no: 2958 of 2006) against Multi Commodity Exchange of India Limited and New India Assurance Company Limited at the Motor Accident Claim Tribunal, Mumbai. The said complaint has been filed for recovery of a sum of Rs. 150,000 under section 166 and Rs. 25,000 under section 140 of Motor Vehicle Act from the Exchange and the insurer. The applicant has also prayed interest at 18% from the date of application till realisation and cost of the application. The case is pending.

g. Mrs. Alka Tandon, the Petitioner filed an arbitration petition (Arbitration Petition no. 420 of 2007) against Religare Commodities Limited, M/s Mansi Securities and our Company, praying for setting aside the award dated June 6, 2007 passed by the Arbitration tribunal directing Mrs. Alka Tandon to pay Religare Commodities a sum of Rs. 5,553,892 on or before June 30, 2007. The Exchange is in the process of filing its affidavit and reply to the said petition.

Case filed by our Company

a. A complaint was registered under section 420, 409, 465, 468, 471, 34 of the Indian Penal Code at Shahapuri Police Station, Kolhapur against Mr. Irfan Abdul Gaffar Akbani, who is a member of the our Company . After investigation, the Kolhapur Police has filed a charge sheet before the Magistrate Court, Kolhapur. In the said matter, ICICI Bank filed an application u/s 451 of Cr. P. C. for handing over the interim custody of an amount of Rs. 281,162,915 by the investing agencies pending the final hearing and disposal of the trial. While deciding the application of ICICI bank the Chief Judicial Magistrate at Kolhapur passed an order on August 27, 2007 for handing over interim custody of a cash amount of Rs. 188,821,367 by our Company to the ICICI bank.

   Being aggrieved with the said order, our Company filed a writ petition in Mumbai High Court under Section 482 of the Criminal Procedure Code, 1973 for setting aside the said order dated August 27, 2007. The Court has issued a direction to the State (Local Crime Branch, Kolhapur) to not to take any coercive steps till the next date of hearing.

   Having the paramount lien on the amount deposited by the member with our Company , it has filed an application before the Magistrate Court for modifying the order dated February 1, 2007 passed by the Magistrate Court, Kolhapur to the extent that our Company shall have the first charge on the amount deposited by the member towards satisfaction of their dues as per its bye-laws, rules and business rules. The said application is pending for hearing before the Magistrate Court, Kolhapur and has now been adjourned.

Tax Proceeding

On June 19, 2007, the Department of Income Tax carried out search and seizure operations under Section 132 (1) of the Income Tax Act, 1961 against us. During these operations, certain documents, loose papers and computer compact discs and records were seized by the Income Tax authorities.

Litigation/ Material Developments against our Directors

Litigations against Joseph Massey

1. Anil Lal Chetta has filed a criminal case (Case No. 1909/02 dated September 6, 2002) before the Chief Judicial Magistrate, Vadodara. He has alleged that the Vadodara Stock Exchange Limited ("VSE"), Subhash Dalal and Joseph Massey, in their capacities as the director and executive director of the VSE respectively, were responsible for wrongfully declaring Mr. Chetta to be a "defaulter" and for auctioning his membership card. The VSE has filed an application for permanent exemption from appearance in respect of Subhash Dalal and Joseph Massey. The application is allowed and the complaint is pending for hearing.

2. A criminal case (Criminal Case No. 1831/97 dated May 9, 1997) has been filed before the Judicial

Magistrate, First Class at Vadodara by the Government Labour Officer, Vadodara against the VSE and Joseph Massey in his capacity as the Executive Director for non-compliance of the Minimum Wages Act 1948 in respect of requirements like maintenance of a register, an overtime register and fine register under the Minimum Wage Act 1948 as well as the non-filing of annual returns for the year 1995. The case is pending.

3. Harish Chand Jain has filed a criminal case (Criminal Case No. 1288/2003, dated January 12, 2003) before the Chief Judicial Magistrate, Agra alleging that the Inter-connected Stock Exchange of India Limited ("ISEI") and its officials, including Joseph Massey (its then Managing Director), had wrongfully refused to refund the admission fees and connectivity charges paid by him at the time of his becoming a trade member of the ISEI. The case is pending.

Litigations against C. Subramaniam

1. A criminal case (16 of 2001, February 22, 2001) is pending before the CBI Special Court, Tis Hazari, New Delhi on the grounds that C. Subramaniam abetted an attempt made by INDODAN to defraud Central Bank, Janpath Branch, New Delhi. It has been submitted by C. Subramaniam that his actions were in accordance with the Negotiable Instruments Act, 1871 and therefore proceedings against him should be dismissed. The main parties to the dispute have arrived at an out of court settlement and have initiated steps to formally close the case. The order from the Court is awaited.

Litigations against Mr. Ashish Dalal

1. One Mr. Thakkar filed a criminal complaint (Complaint No. 45/S/2003) before the Court of Metropolitan Magistrate at Kurla, Mumbai against Mr. Ashish Dalal and twelve others, alleging that his own partners together with Mr. Ashish Dalal and others formed a new firm without the consent and knowledge of the Complainant. Upon the knowledge of the internal disputes between Mr. Thakkar and his partners, the said firm was immediately dissolved. Mr. Dalal had filed a (criminal) writ petition in the High Court of Bombay to quash the proceedings against him, which the High Court of Bombay had subsequently dismissed since the jurisdiction of the matter was with the lower court. Against the said order of the High Court of Mumbai, Mr. Dalal and the others have preferred a Special Leave Petition in the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India has heard the petition and stayed the proceedings.

Litigation against C.M. Maniar

1. 11 complaints under Section 138 of the Negotiable Instruments Act, 1881 are pending against REPL Engineering Limited where Mr. C M Maniar was a non-executive director. Mr. C. M. Maniar has been named as one of the defendants. Mr. Maniar resigned as Director of REPL Engineering Limited on August 28, 1997.These complaints are currently pending.

2. 2 complaints under Section 138 of the Negotiable Instruments Act, 1881 are pending against Pharmaceuticals Products of India Limited where Mr. C M Maniar was a non-executive director until on May 23, 2001. Mr. C. M. Maniar has been named as one of the defendants in these cases. Mr. Maniar resigned as Director of Pharmaceuticals Products of India Limited on May 23, 2001. These complaints are currently pending.

3. 1 complaint under Section 138 of the Negotiable Instruments Act, 1881 is pending against Avon Products Limited and Mr. C M Maniar. Mr. C. M. Maniar has claimed that he was never a Director of Avon Products Limited. The complaint is currently pending.

Proceedings Involving Our Promoter

Tax proceeding against FTIL

On June 19, 2007, the Department of Income Tax carried out search and survey operations at the premises of FTIL. Based on the findings of these search and survey proceedings, the Department of Income Tax may undertake proceedings which may result in demands for payment of additional taxes or levy penalties, or take other action against our Promoter.

Notice to FTIL

The Chief General Manager, Investigation Department, SEBI issued a letter no. IVD/ID-5/MSR/14792/2004 dated September 20, 2004 to FTIL directing FTIL to furnish the following:

- Agenda and minutes of the board minutes held during the financial year 2003-2004;
- Details in relation initiation and consideration of the proposal for preferential allotment;
- List of related/connected/ associated entities;
- Balance sheets and list of creditors as on March 31, 2003 and March 31, 2004;
- The memorandum and articles of association of its promoter entity La-Fin Financial Services Private Limited.
- List of other directorships of the directors;
- Details of trade executed by the promoter/director/person acting in concert in the shares of FTIL during the period November 4, 2003 to February 19, 2004; and
- Clarification whether FTIL has any relation/association/connection with Reliance Capital Limited.

FTIL, by way of its letter dated October 06, 2005 replied to the said letter. In addition, FTIL has also written a letter dated October 10, 2005 stating that they believe that the letter from SEBI was erroneously dated as September 20, 2004 instead of September 20, 2005. There was no further correspondence from SEBI till November 29, 2007.

SEBI vide its letter No IVD/ID1/BM/AD/109600/07 dated November 29, 2007, to FTIL has advised FTIL to furnish the following:

1. Time of closing and opening of trading windows in case of certain corporate announcements.
2. A copy of the code of internal procedure and conduct and code of corporate disclosure practices framed in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992.
3. Whether promoters, director or promoter companies obtained pre-clearance.
4. Reasons for trading by directors and promoter company prior to the announcement of price sensitive information.
5. Copies of press notes issued regarding the corporate developments mentioned in the letter.
6. Details of buying and selling of shares of FTIL by the core group that represented the company at the discussions.
7. Explanation as to why La-Fin entered into trades on December 1, 2003 with one M/s Sreenath

Enterprises which were allegedly synchronised.

FTIL, by way of its letter dated December 20, 2007 replied to the said letter.
SEBI has sought futher clarifications vide their letter dated January 1, 2008 asking FTIL to provide information with regard to:

1. Reasons as to why an MoU with a client was called off.

2. Progress made in implementing an integrated dealing technology for a client

3. Details in regard to a preferential allotment to a client.

FTIL has replied to the above clarifications through its letter dated January 11, 2008. There have been no further developments in this regard.

Proceedings involving our Promoter Group

Notice to La-Fin Financial Services Private Limited

The Chief General Manager, Investigation Department, SEBI issued a letter no. IVD/ID-5/MSR/PB/49850/2005 dated September 20, 2005 to La-Fin, directing La-Fin to furnish the following:

- List of related/connected/ associated entities;

- List of promoters/ directors and names of persons holding directorships during the period November 4, 2003 to February 19, 2004 and in the event that promoter of La-Fin was an entity, names of promoter/ director of such entity;

- La-Fin's shareholding in FTIL as on November 4, 2003 and the date when such shares were acquired and whether there was any lock-in in respect of such shares; and

- Clarification whether La-Fin has any relation/association/connection with Reliance Capital Limited.

La-Fin replied to the said notice by way of is letter dated September 23, 2005 stating the following:

- There are no entities with which La-Fin is related/ connected or associated except FTIL where it holds shares as promoter;

- Mr. Sajit Dayanandan, Mr. Dewang Neralla, Mr. Jignesh Shah and Mrs. Rupal Shah were directors of La-Fin during the period November 4, 2003 to February 19, 2004;

- As of November 4, 2003 La-Fin held 15,167,063 shares in FTIL (20.25% holding in FTIL), which shares were acquired during 1999-2000 and that there was no lock-in applicable to such shares; and

- La-Fin has no relation/ association/ connection with Reliance Capital Limited.

LICENSES AND APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any Government authority is required to continue these activities.

Approvals from the Forward Markets Commission

1) FMC (Deputy director) Approval dated February 15, 2007 (F.No. 1/1/2006-MCX-PER (06-07))*

This letter approves trade in the following commodities for the Contract Months July 2007 to December 2007:

Commodity	Maximum allowable open position	Daily Price Limit
Arecanut	Individual Clients: 2000 MT For a member collectively for all clients: 10,000 MT or 20% of the open market position, whichever is higher	4%
Cardamom	Individual Clients: 100 MT For a member collectively for all clients: 300 MT or 15% of the open market position, whichever is higher[1]	4%
Cashew Kernel	Individual Clients: 50,000 cartons of 22.6 kg each For a member collectively for all clients: 25% of the open market position, whichever is higher	4%
Castor oil	Individual Clients: 2000 MT For a member collectively for all clients: 6000 MT or 15% of the open market position, whichever is higher	3%
Castor seed	Individual Clients: 5000 tons For a member collectively for all clients: 15,000 tons or 15% of the open market position, whichever is higher	4%
Coconut cake	Individual Clients: 6000 MT For a member collectively for all clients: 25% of the open market position	4%
Coconut oil	Individual Clients: 2000 MT For a member collectively for all clients: 6000 MT or 15% of the open market position, whichever is higher	4%
Cotton yarn	Individual Clients: 200 MT For a member collectively for all clients: 25% of the open market position.	3%
Cotton long staple	Individual Clients: 20,000 bales For a member collectively for all clients: 60,000 bales or 15% of the open market position, whichever is higher[2]	2%
Cotton medium	Individual Clients: 20,000 bales	2%

[1] As per FMC letter no. 6/3/2006/MKT-II [Vol.II] dated August 18, 2006
[2] As per FMC letter no. 6/3/2006/MKT-II [Vol. II] dated August 18, 2006

Commodity	Maximum allowable open position	Daily Price Limit
staple	For a member collectively for all clients: 60,000 bales or 15% of the open market position, whichever is higher[3]	
Crude palm oil	Individual Clients: 20,000 MT For a member collectively for all clients: 25% of the open market position	3%
Groundnut oil expeller	Individual Clients: 6000 MT For a member collectively for all clients: 18,000 MT or 15% of the open market position, whichever is higher[4]	3%
Gur chaku	Individual Clients: 10,000 MT For a member collectively for all clients: 30,000 MT or 15% of the open market position, whichever is higher[5]	3%
Lead	Individual Clients: 1500 tons For a member collectively for all clients: 6000 MT or 20% of the open market position, whichever is higher[6]	4%. Provided that the Exchange may revise this price limit to a maximum of 6% and after a cooling period of 15 minutes by another 3% as per the directives of the FMC vide letter dated October 4, 2005
Maize	Individual Clients: 10,000 MT For a member collectively for all clients: 30,000 MT. Near month Limits: For individual clients: 2000 MT For a member collectively for all clients: 6000 MT[7]	4%
Middle east sour crude oil	For individual clients: 100,000 barrels For a member collectively for all clients: 25% of the open market position	4%
Mustard seed	Individual Clients: 10,000 MT For a member collectively for all clients: 30,000 MT or 15% of the open market position, whichever is higher [8]	2%
Polyvinylchloride	Individual Clients: 5,000 MT For a member collectively for all clients: 20,000 MT or 20% of the open market position, whichever is higher	2%
Red Chilli	Individual Clients: 5,000 MT	4%

[3] As per FMC letter no. 6/3/2006/MKT-II [Vol II] dated August 18, 2006

[4] As per FMC letter no. 6/3/2006/MKT-II [Vol.II] dated August 18, 2006
[5] As per FMC letter no. 6/3/2006/MKT-II [Vol II] dated August 18, 2006
[6] Limit on hedge position as directed by the FMC vide its letter dated October 4, 2005
[7] As per FMC letter no. 6/3/2006/MKT-II (Vol-II) dated November 30, 2006
[8] As per FMC letter no. 6/3/2006/MKT-II [Vol II] dated August 18, 2006

Commodity	Maximum allowable open position	Daily Price Limit
	For a member collectively for all clients: 15,000 MT or 15% of the open market position, whichever is higher[9]	
Sesame seed	Individual Clients: 3,000 MT For a member collectively for all clients: 9,000 MT or 15% of the open market position, whichever is higher[10]	4%
Soy meal	Individual Clients: 20,000 MT For a member collectively for all clients: 80,000 MT or 20% of the open market position, whichever is higher	3%
Sponge iron	Individual Clients: 100,000 MT For a member collectively for all clients: Not more than 25% of the open market position, in a contract at any point of time	4%
Tin	Individual Clients: 400 MT For a member collectively for all clients: Not more than 25% of the open market position, in a contract at any point of time	4%
Zinc	Individual Clients: 1500 Tons For a member collectively for all clients: 6000 tons or Not more than 20% of the open market position, whichever is higher[11]	4%. Provided that the Exchange may revise this price limit to a maximum of 6% and after a cooling period of 15 minutes by another 3% as per the directives of the FMC vide letter dated October 4, 2005

*the above licenses have been renewed vide letter No: F No. 1/1/2007-08/MCX-PE. The details of which are illustrated in point No 7. However, the details of the contract for the abovementioned commodities are as mentioned above.

The permission for the above is subject to:

(a) A limit on open position of each member and non member client and the limit on daily price fluctuation and special margins as specified in the contract specification;

(b) Once the contracts are commenced, no terms of the contract specifications should be changed without prior approval of the FMC

(c) The permission granted for the said contracts is subject to daily mark to market settlement of outstanding contracts as per the procedure and delivery mechanism / process specified in the bye laws, rules and regulations of the Exchange

2) Other Approvals*

Date	Approval Number	Commodity	Contract Months
February 13, 2007	1/1/2006/MCX-Per (06-07)	Natural Gas	July 2007 to December 2007
February 13, 2007	1/1/2006/MCX-Per (06-07)	Rice bran de-oiled cake	July 2007 to December 2007

[9] As per FMC letter no. 6/3/2006/MKT-II [Vol II] dated August 18, 2006
[10] As per FMC letter no. 6/3/2006/MKT-II [Vol II] dated August 18, 2006
[11] Limit on hedge position as directed by the FMC vide its letter dated October 4, 2005

Date	Approval Number	Commodity	Contract Months
January 5, 2007	1/1/2006/MCX-Per (06-07)	Potato (Tarkeshwar)	June 2007 to December 2007
January 5, 2007	1/1/2006/MCX-Per (06-07)	Tur (Desi)	April 2007 to December 2007
January 5, 2007	1/1/2006/MCX-Per (06-07)	Urad (Desi)	April 2007 to December 2007
January 5, 2007	1/1/2006/MCX-Per (06-07)	Coffee (Robusta) based on Euronext-Liffe	March 2007, May 2007, July 2007, September 2007 and November 2007
December 5, 2006	1/1/2006/MCX-Per (06-07)	Rice Bran de-oiled cake	January 2007 to June 2007
December 23, 2006	1/1/2006/MCX-Per (06-07)	Raw Silk	August 2007 to December 2007
September 12, 2006	4/9/2005/cs-veg/MCX	Potato (Tarkeshwar)	March 2007 to May 2007
September 12, 2006	1/1/2006/MCX-Per (06-07)	Silver Mini	March 2007, May 2007 July 2007, September 2007 and December 2007
August 31, 2006	4/8/2005/ENERGY/CS-NG/MCX	Natural gas	January 2007 to June 2007

*the above licenses have been renewed vide letter No: F No. 1/1/2007-08/MCX-PE. The details of which are illustrated in point No 7. However, the details of the contract for the abovementioned commodities are as mentioned above.

Commodity	Maximum allowable open position	Daily Price Limit
Natural Gas	Client level: 5,000,000 mmBtu Member level: 200,000,000 mmBtu or 20% of the open market position, whichever is higher For near month contracts: The following limit will apply one month prior to expiry date of contract Client: 500,000 mmBtu Member: 2,000,000 mmBtu	4% As indicated in FMC letter dated October 4, 2005
Rice bran de oiled cake	Individual Clients: 10,000 MT For a member collectively for all clients: 50,000 MT or not more than 20% of the open market position, whichever is higher	4%
Potato (tarkeshwar)	Client level: 15,000 MT Member level: 45,000 MT or 15% of the market wide open position whichever is higher For near month contracts, the following limits will be applicable: Client: 1,500 MT Member: 4,500 MT	4%
Tur (Desi)	Client level: 5,000 MT	4%

[12] As per FMC letter no. 6/3/2006/MKT-II (Vol II) dated August 18 2006.

Commodity	Maximum allowable open position	Daily Price Limit
	Member collectively for all clients: 15,000 MT or 15% of the market wide open position whichever is higher For near month contracts, the following limits will be applicable: Client: 500 MT Member: 1,500 MT[12]	
Urad (Desi)	Client level: 5,000 MT Member level: 15,000 MT or 15% of the market wide open position whichever is higher For near month contracts, the following limits will be applicable: Client: 500 MT Member: 1500 MT	4%
Coffee (Robusta) based on Euronext-Liffe	Client level: 750 MT Member level: 2250 MT or 15% of market wide open position, whichever is higher The near month will be 1/10th of the said limit	4%
Rice Bran de oiled cake	Client level: 10,000 MT Member level: 50,000 MT or 20% of the market wide open position whichever is higher	4%
Raw Silk	For client: 15 MT For a member collectively for all clients: 75 MT	4%
Potato (Tarkeshwar)	Client level: 15,000 MT Member level: 45,000 MT or 15% of the market wide open position, which is higher For near month contracts, the following limits will be applicable: Client: 1,500 MT Member: 4,500 MT	4%
Silver Mini	Individual Clients: 50 MT collectively for all contracts in silver (i.e. including silver and silver HNI contracts) For a member collectively for all clients: 150 MT or 15% of the open market position, whichever is higher	4%
Natural gas	Client Level: 5,000,000 mmBtu	4% As indicated in FMC

Commodity	Maximum allowable open position	Daily Price Limit
	Member level: 20,000,000 mmBtu or 20% of the open market position, whichever is higher For near month contracts: the following limits will apply one month prior to expiry date of contract Client: 500,000 mmBtu Member: 2,000,000 mmBtu	letter no. 4/4/2005 dated October 4, 2005

The above licenses have been renewed vide letter No: F No. 1/1/2007-08/MCX-PE. The details of which are illustrated in point No 7. However, the details of the contract for the abovementioned commodities are as mentioned above.

All of the above approvals are subject to:

(a) A limit on open position of each member and non-member client and the limit on daily price fluctuation and special margins as specified in the contract specification;

(b) Once the contracts are commenced, no terms of the contract specifications should be changed without prior approval of the FMC; and

(c) The permission granted for the said contracts is subject to daily mark to market settlement of outstanding contracts as per the procedure and delivery mechanism / process specified in the bye laws, rules and regulations of the Exchange

3) FMC approval letter dated July 31, 2006 (1/1/2006/MCX-Per (06-07)*.

This letter grants approval to MCX to trade in certain commodities listed out below:

Commodity	Contract Months	Delivery Logic
	Group : A	
Aluminium	January 2007 to December 2007	Both options
Basmati Rice	January 2007 to December 2007	Seller's option
Brent crude oil	January 2007 to December 2007	Both options
Chana	January 2007 to December 2007	Compulsory delivery
Crude Oil	January 2007 to December 2007	Both options
Furnace Oil	January 2007 to December 2007	Both options
Gold	February 2007, April 2007, June 2007, August 2006, October 2007 and December 2007	Compulsory delivery
Gold HNI	February 2007, April 2007, June 2007, August 2006, October 2007 and December 2007	Both Options
Gold Mini	January 2007 to December 2007	Compulsory delivery
Guar Gum	January 2007 to December 2007	Compulsory delivery
Guar Seed	January 2007 to December 2007	Compulsory delivery
High Density Polyethylene	January 2007 to December 2007	Seller's option
Jeera	January 2007 to December 2007	Compulsory delivery
Kapas	April 2007	Seller's option
Kapas Khali	January 2007 to December 2007	Both options

Commodity	Contract Months	Delivery Logic
Masur (Masra)	January 2007 to December 2007	Seller's option
Mentha Oil	January 2007 to December 2007	Compulsory delivery
Mustard Oil	January 2007 to December 2007	Both options
Nickel	January 2007 to December 2007	Both options
Pepper	January 2007 to December 2007	Compulsory delivery
Polypropylene	January 2007 to December 2007	Seller' option
Potato	January 2007 to December 2007	Compulsory delivery
RBD Palmolein	January 2007 to December 2007	Both options
Refined Soy Oil	January 2007 to December 2007	Both options
Rice	January 2007 to December 2007	Seller's option
Rubber	January 2007 to December 2007	Compulsory delivery
Sarbati Rice	January 2007 to December 2007	Seller's option
Soy Seed	January 2007 to December 2007	Seller's Option
Steel-Flat	January 2007 to December 2007	Both option
Steel-Long (B)	January 2007 to December 2007	Both options
Steel-Long (G)	January 2007 to December 2007	Seller's option
Sugar M-30	January 2007 to December 2007	Compulsory delivery
Sugar S-30	January 2007 to December 2007	Compulsory delivery
Wheat	January 2007 to December 2007	Seller's option
Cotton Seed	January 2007 to December 2007	Seller's option
Group B:		
Arecanut	January 2007 to June 2007	Compulsory delivery
Cardamom	January 2007 to June 2007	Compulsory delivery
Cashew Kernel	January 2007 to June 2007	Seller's option
Castor Oil	January 2007 to June 2007	Both options
Castor Seed	January 2007 to June 2007	Seller's option
Cotton Short	January 2007 to June 2007	Seller's option
Coconut Cake	January 2007 to June 2007	Both option
Coconut Oil	January 2007 to June 2007	Both option
Cotton Yarn	January 2007 to June 2007	Both option
Cotton Long	January 2007 to June 2007	Seller's option
Cotton Medium	January 2007 to June 2007	Seller's option
Crude Palm Oil	January 2007 to June 2007	Both options
Groundnut Oil	January 2007 to June 2007	Both options
Gur Chaku	January 2007 to June 2007	Seller's option
Lead	January 2007 to June 2007	Both options

Commodity	Contract Months	Delivery Logic
Maize	January 2007 to June 2007	Seller's option
Middle East Sour Crude Oil	January 2007 to June 2007	Both options
Mustard Seed	January 2007 to June 2007	Seller's option
Polyvinyl Chloride	January 2007 to June 2007	Seller's options
Red Chilli	January 2007 to June 2007	Seller's options
Ref Sunflower Oil	January 2007 to June 2007	Both options
Sesame Seed (premium)	January 2007 to June 2007	Seller's option
Soy Meal	January 2007 to June 2007	Seller's option
Sponge Iron	January 2007 to June 2007	Both options
Zinc	January 2007 to June 2007	Both options
Tin	January 2007 to June 2007	Both options

*the above licenses have been renewed vide letter No: F No. 1/1/2007-08/MCX-PE. The details of which are illustrated in point No 7. However, the details of the contract for the abovementioned commodities are as mentioned above.

All of the above approvals are subject to:

(a) A limit on open position of each member and non member client and the limit on daily price fluctuation and special margins as specified in the contract specification;

(b) Once the contracts are commenced, no terms of the contract specifications should be changed without prior approval of the FMC

(c) The permission granted for the said contracts is subject to daily mark to market settlement of outstanding contracts as per the procedure and delivery mechanism / process specified in the bye laws, rules and regulations of the Exchange

4) ***FMC Approval dated July 14, 2006 for commencement of futures trading in copper****

Commodity	Contracts	Limit on open position & for Member/ and Individual Client	Limit on daily price fluctuation
Copper	March 2007, May 2007, July 2007, September 2007 and December 2007	Client: 1000 mt Member: Not more than 25% of market wide open position in a contract at any time	4%

*the above licenses have been renewed vide letter No: F No. 1/1/2007-08/MCX-PE. The details of which are illustrated in point No 7. However, the details of the contract for the abovementioned commodities are as mentioned above.

For the limit on daily price fluctuation, on the first day of trade, the fluctuation shall be reckoned with reference to the opening price.

Once the contracts are commenced, the regulatory measures should not be changed without prior approval of the FMC

The permission granted for the said contracts is subject to daily mark to market settlement of outstanding contracts as per the procedure and delivery mechanism / process specified in the bye laws, rules and regulations of the Exchange.

5) ***FMC approval dated July 14, 2006 for futures trading in silver***

Commodity	Contracts	Limit on open position & for Member/ and Individual Client	Limit on daily price fluctuation
Silver	March 2007, May 2007, July 2007, September 2007 and December 2007	Client : 50 mt collectively for all contracts in silver (including silver M and silver HNI contracts) Member: 200 mt or 20% of market wide open position in a contract at any time, whichever is higher	4%

For the limit on daily price fluctuation, on the first day of trade, the fluctuation shall be reckoned with reference to the opening price.

Once the contracts are commenced, the regulatory measures should not be changed without prior approval of the FMC

The permission granted for the said contracts is subject to daily mark to market settlement of outstanding contracts as per the procedure and delivery mechanism / process specified in the bye laws, rules and regulations of the Exchange.

6) FMC Approval dated November 6, 2007 (F.No. 4/4/2005-MCXCS-Fibre/MCX)*

Commodity	Maximum allowable open position	Daily Price Limit	Contract Specifications	Date of letter
Raw Jute	For clients: 8000 MT For a member: 24,000 MT or 15% of the open market position, whichever is higher	4%	January 2008 to December 2008	July 23, 2007

*the above licenses have been renewed vide letter No: F No. 1/1/2007-08/MCX-PE. The details of which are illustrated in point No 7. However, the details of the contract for the abovementioned commodities are as mentioned above.

7) FMC Trading permission for the year 2008 (F No. 1/1/2007-08/MCX-PER)

Group A	Group B
Contracts expiring from January 2008 to December 2008	***Contracts expiring January 2008 to June 2008***
Chana	Maize
Masoor	Yellow peas
Kapasia Khali	Castor seed
Mentha oil	Castor oil
Refined Soy Oil	Coconut cake
Cardamom	Coconut oil
Kapas- *expires April 2008*	Cottonseed
Jeera	Crude palm oil
Pepper	Ground nut oil expeller
Red Chilli	Mustard seed
Coffee (Robusta)	Mustard seed oil
Guar Seed	RBD palmoline
Gur	Ricebran oil
Potato (Agra)	Ricebran de oil cake
Potato (Tarkeshwar)	Refined sunflower oil
Rubber	Sesame seed

Group A	Group B
Sugar (M)	Soy seed
Aluminium	Soy meal
Copper	Cotton Long staple
Gold (1kg)	Cotton Medium staple
Gold (100 g)	Cotton short staple
Silver (30 kg)	Cotton yarn
Silver (5 kg)	Turmeric
Zinc	Arecanut
Crude oil	Cashew Kernel
Brent crude oil	Guargum
Middle East sour crude oil	Sugar S
Natural gas	Gold (HNI)
Nickel	Lead
	Sponge iron
	Silver (HNI)
	Steel flat
	Steel long (Bhavnagar)
	Steel long (Gobindgarh)
	Tin
	Furnace oil
	High density polyethylene
	Polypropylene
	Polyvinylchloride

8) ***Permission for trading in I Gold and I Gold (Mini) (weekly clearing) contracts for the year January 2008 to December 2008***

City	Maximum allowable open position	Daily Price Limit	FMC No.	Date of letter
	I Gold			
Ahmedabad	For individual client: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position (combine limit for all the contracts of Gold, including weekly contracts) whichever is higher	3%	2/2/2006/WCF/MCX	July 6, 2007
Delhi	For individual client: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position (combine limit for all the contracts of Gold, including weekly contracts) whichever is higher	3%	same	
Kolkata	For individual client: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position (combine limit for all the contracts of Gold, including weekly contracts) whichever is higher	3%	same	
Mumbai	For individual client: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position (combine limit for all	3%	same	

City	Maximum allowable open position	Daily Price Limit	FMC No.	Date of letter
	the contracts of Gold, including weekly contracts) whichever is higher			
	I Gold (Mini)			
Ahmedabad	For individual client: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position (combine limit for all the contracts of Gold, including weekly contracts) whichever is higher	3%		
Delhi	For individual client: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position (combine limit for all the contracts of Gold, including weekly contracts) whichever is higher	3%		
Kolkata	For individual client: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position (combine limit for all the contracts of Gold, including weekly contracts) whichever is higher	3%		
Mumbai	For individual client: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position (combine limit for all the contracts of Gold, including weekly contracts) whichever is higher			

9) ***FMC Approval No. 4/4/2005/CS-Fibre/MCX***

Commodity	Maximum allowable open position	Daily Price Limit	Contract Specifications	Date of letter
Raw Jute	For clients: 8000 MT For a member: 24,000 MT or 15% of the open market position, whichever is higher	4%	August 2007 to December 2007	July 10, 2007

10) ***FMC vide letter no. 1/1/2007-08/MCX-Per dated September 14, 2007 and 6/1/2007-MKT-II dated October 10, 2007 have increased the open position limits in Coffee (Robusta) contract as under:***

Commodity	Open position limits at Commodity level		Open position limits for the Near Month Contract	
	Member level	**Client Level**	**Member level**	**Client level**
Coffee (Robusta)	11250 MT or 15% of market wide open position, whichever is higher	3750 MT	2250 MT	750 MT

11) ***FMC letter dated December 1, 2006, extending permission of office letter dated November 23,2006***

IGOLD

Contract	Limit on open position & for Member/ and Individual Client	Limit on daily price fluctuation
Ahmedabad	For individual clients: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position, whichever is higher	3%
Delhi	For individual clients: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position, whichever is higher	3%
Kolkata	For individual clients: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position, whichever is higher	3%
Mumbai	For individual clients: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position, whichever is higher	3%

IGOLD Mini

Contract	Limit on open position & for Member/ and Individual Client	Limit on daily price fluctuation
Ahmedabad	For individual clients: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position, whichever is higher	3%
Delhi	For individual clients: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position, whichever is higher	3%
Kolkata	For individual clients: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position, whichever is higher	3%
Mumbai	For individual clients: 2 MT For a member collectively for all clients: 6 MT or 15% of the open market position, whichever is higher	3%

12) FMC letter dated December 7, 2007 (1/1/2007-08/MCX (PER)

Trading permission for the period July to December 2008

Commodity	Contract Months
Sugar S-30	July to December 2008
Turmeric	July to December 2008

13) FMC letter dated January 17, 2008 (1/2/2008/MCX – Carbon Credit)

Trading approval

Contract	Contract Months	Duration of Contract
Carbon Credits	December 08 Contract December 09 Contract December 10 Contract	1st January 2008 to 15th December of

Contract	Contract Months	Duration of Contract
	December 11 Contract December 12 Contract	the contract year.

Taxation Related Approvals

1. Registration No 400099/C/1258 under the Central Sales Tax (Registration and turnover) Rules,1957 dated May 30, 2003;

2. Registration No 400099/S/1444 under the Bombay Sales Tax Act,1959 dated April 4, 2003;

3. Certificate No 1/1/29/2891 under Section 5(1) of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 dated June 2, 2002.

4. Certificate No 1/1/29/18/6886 for enrolment under Sections 5(2) and 5(2A) of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 dated June 27, 2003.

Corporate Approvals

5. Approval No 3/91/2004-CL.VII vide letter dated April 1, 2005 from the Ministry of Company Affairs to increase the total number of directors from twelve to eighteen as per Article 30 of the Articles of Association of the Company. This letter was valid up to March 31, 2006 which was extended for a further period up to July 31, 2007 by of way of letter dated June 12, 2006.

6. Approval No 12/159/2006-CLVII dated 27th February 2007 from the Central Government to approve under Section 269 of the Companies Act,1956 the appointment of Mr. Lambertus Rutten (a Dutch National) as Joint Managing Directors of the Company for a period not exceeding 3(three) Years with effect from 15.06.2006.

7. 14 registered trademarks for various Intellectual Properties under the Trademarks Act, 1958.

8. 62 intellectual property rights under the Indian Copyright Act, 1947 for certain contracts specifications in commodities traded on our exchange and literary works published by the Company

Miscellaneous

9. Approval from the Mahanagar Telephone Nigam Limited dated December 19,2003 for the installation and operation of a private Closed User Group(CUG) Data Network with VSAT integration on lines leased by the Company from Mahanagar Telephone Nigam Limited and Bharat Sanchar Nigam Limited valid up to November 30,2006;

10. License No KE-11/014325 under the Bombay Shops and Establishments Act, 1948 dated September 24, 2003 valid up to December 31, 2008

11. Letter of Permission dated August 24, 2005 from Ministry of Communications and IT, Government of India whereby the Government of India has extended all facilities and privileges under the Foreign Trade Policy 2004-09 for setting up a Software Technology Park Unit at Unit No 1, 102A, Landmark, Suren Road, Chakala, Andheri, Mumbai and 6th Floor, Trade Avenue, Chakala, Andheri, Mumbai for Information Technology Enabled Services.

12. Certificate of Importer Exporter Code, 0304066745 issued on December 17, 2004 by the Office of

Joint Director General of Foreign Trade.

13. Letter of Approval dated December 20, 2005 from the FMC approving the amendments to the Memorandum and Articles of Association of the Company on the basis of the amendments approved in the meetings of the Company on September 24, 2005 and February 5, 2005.

14. Letter of Approval dated November 8, 2006 from the FMC approving the amendment to the clause (ab) of Article 3 in the Articles of Association of the Company.

15. Letter of Approval dated February 13, 2007 from the FMC granting permission for issue of Equity Shares pursuant to the Company's ESOS Plan and exempting the MCX ESOP 2006 scheme from the restrictions contained in the FMC letter No.5/4/2003/POL-Demut dated December 6, 2006.

16. Letter of Approval dated March 23, 2007 from the FMC granting permission for making equity investment in the Joint Venture Company 'Safal National Exchange of India Limited' and exempting the equity investment by the Company in the aforesaid joint venture company from the restrictions contained in the FMC letter no.5/4/2003/POL-Demut dated December 6, 2006.

17. Letter of Approval dated August 30, 2007 from the FMC approving the disinvestment of the Company's equity held by FTIL to seven entities as indicated in the Ministry of Consumer Affairs DO letters No.12/(3/2003 dated June 11, 2007 and DO no.21/22/2006-II dated August 22, 2007.

18. Letter of Approval dated September 19, 2007 from the Government of India, Ministry of Consumer Affairs, New Delhi granting in principle approval for ICICI Bank and IL&FS Investment Managers Limited to invest in the Company within the limit of 5% each.

19. Letter of Approval dated October 25, 2007 from the FMC granting approval for amending Article 39(a) of the Articles of Association of the Company in the basis of the amendments approval in the meeting of the Company on September 1, 2007.

20. Letter of no objection dated October 25, 2007 from the Government of India, Ministry of Consumer Affairs for the proposed Initial Public Offer for domestic investors.

21. Letter of Approval dated November 19, 2007 from the Government of India, Ministry of Consumer Affairs, New Delhi confirming no objection for sale of 1% stake by FTIL in the Company to Alexandra Mauritius Limited, vide letter No. D.O No 21/22/2006 – IT.

22. Letter (Letter No 3/1/2002- POL) dated January 7, 2008 nominating Mr. Bharat Tripathi as a nominee Director of the Forward Markets Commission till March 31, 2010

23. Letter of approval dated January 21, 2007 from the Ministry of Comsumer Affairs, New Delhi granting permission to the compay to invest in National Bulk Handling Corporation Limited, a subsidiary of FTIL.

24. Letter of Approval from the Ministery of Consumer Affairs, New Delhi granting in principle approval to Kotak Indian Growth Fund to invest to the extent of 1% in the Company.

25. Letter of Approval ((2/17/2006- MKT/III) dated January 28, 2008 from the forward Markets Commission granting approval to set up a clearing corporation as a wholly owned subsidiary and also to set up a wholly owned subsidiary for the purpose of training

Pending Applications

1. Approximately 100 trademark applications for various IPRs are pending for hearing and registration.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Authority from the Company

The issue of Equity Shares in the Issue by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on June 27, 2007, subject to the approval of shareholders through a special resolution to be passed pursuant to Section 81(1A) of the Companies Act. The shareholders approved the Issue at the general meeting of the shareholders of the Company held on September 1, 2007 at Mumbai.

Authority from the Selling Shareholders

The board of directors of FTIL and Corporation Bank at their meetings held on October 31, 2007 and October 3, 2007, respectively, approved the Offer for Sale of Equity Shares by the Selling Shareholders.

Based on letters provided by the Selling Shareholders, we understand that they have not been prohibited from dealings in securities market and the Equity Shares offered by them are free from any encumberance.

Prohibition by SEBI

Neither we, nor our Directors or the Selling Shareholders or the Promoter or the Promoter Group companies, or the directors of our Promoters or the Promoter Group companies or companies with which our Directors are associated with as directors or promoters, have been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI.

Eligibility for the Issue

We are eligible for the Issue in accordance with Clause 2.2.2 of the SEBI Guidelines as explained under:

- The Issue is being through the book building process with at least 50% of the Issue Size being allotted to QIBs failing which the subscription monies will be refunded; and
- The minimum post issue face value capital of the Company shall be Rs. 100 million.

Further, the Issue is subject to the fulfilment of the following conditions as required by rule 19(2)(b) of the SCRR:

- A minimum 2,000,000 Equity Shares (excluding reservations, firm Allotments and promoters contribution) are offered to the public;
- The Net Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building method with allocation of 60% of the Net Issue size to QIBs as specified by SEBI.

Disclaimer Clause

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR

THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE SENIOR BOOK RUNNING LEAD MANAGERS, DSP MERRILL LYNCH LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND THE BOOK RUNNING LEAD MANAGERS TO THE ISSUE, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, ENAM SECURITIES PRIVATE LIMITED AND JM FINANCIAL CONSULTANTS PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE SENIOR BOOK RUNNING LEAD MANAGERS, DSP MERRILL LYNCH LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND THE BOOK RUNNING LEAD MANAGERS TO THE ISSUE, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, ENAM SECURITIES PRIVATE LIMITED AND JM FINANCIAL CONSULTANTS PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 18, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

"WE, THE UNDER NOTED BOOK RUNNING LEAD MANAGER (S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE STATE AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

   (a) **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

   (b) **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY**

IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

4. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

7. WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE .WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.-NOT APPLICABLE

8. WHERE THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT

APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE TO THE ISSUER. –NOT APPLICABLE

9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

10. WE CONFIRM THAT NECESSARY ARRANGEMENTS WOULD BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.- NOTED FOR COMPLIANCE.

11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.- NOT APPLICABLE

12. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.- NOT APPLICABLE

13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS

(a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND

(b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.)

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY

POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Caution

Our Company, our Directors, the Selling Shareholders, and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in any advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.mcxindia.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the memorandum of understanding entered into among the BRLMs, the Selling Shareholders and the Company dated February 15, 2008 and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholders and the Company.

All information shall be made available by the Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at Bidding centres.

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to Persons resident in India (including Indian nationals resident in India), who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to or purchase Equity Shares offered hereby in any other jurisdiction to any Person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any Person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE NSE

As required, a copy of the Draft Red Herring Prospectus was submitted to NSE. NSE has given in its letter dated [●] permission to us to use NSE's name in the Draft Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed, subject to the Company fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e., the paid up capital shall not be less than Rs. 100 million and the market capitalization shall not be less than Rs. 250 million at the time of listing). The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every Person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF THE BSE

As required, a copy of the Draft Red Herring Prospectus was submitted to BSE. BSE has given vide its letter dated [●], permission to the Company to use BSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; or
2. Warrant that this Company's securities will be listed or will continue to be listed on BSE; or
3. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Draft Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at SEBI Bhavan, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC situated at Mumbai.

Listing

Applications have been made to the NSE and BSE for permission to deal in and for an official quotation of our Equity Shares. [●] will be the Designated Stock Exchange.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholders will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight (8) days after our Company and the Selling Shareholders becomes liable to repay it, i.e., from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company, the Selling Shareholders and every Director of the Company who is an officer in default shall, on and from such expiry of eight (8) days, be liable to repay the money, with interest at the rate of 15.0% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company and the Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of allocation for the Issue.

NSE presently holds 2.56 % of the equity share capital of the Company, which shall stand diluted to 2.38% after the completion of the Issue. For further details in this regard, please refer to the "Risk Factor – We propose to list on NSE and it holds 2.56% of our Equity Share Capital" on page xxi. In the opinion of our Board, the current shareholding of NSE in our Company is not material. Further, FTIL holds 1% stake in NSE. Our Board shall take appropriate steps (which may include possible delisting from NSE), in accordance with prevalent guidelines for addressing conflict of interest, if any, in the event that NSE acquires additional Equity Shares.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) ***makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***

(b) ***otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name***

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Company, the Bankers to the Issue; (b) the Selling Shareholders; and (c) the Book Running Lead Managers, the Syndicate Member, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under S. 60 and S. 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Deloitte Haskins and Sells, Chartered Accountants, our Auditors, have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for filing with the RoC.

[•], the IPO grading agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, will give its written consent to the inclusion of their report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Designated Stock Exchange.

Expert Opinion

Except as stated elsewhere in the Draft Red Herring Prospectus, the Company has not obtained any expert opinion.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Expense (in Rs. millions)
Lead management fees and underwriting commissions*	[•]
Advertising and Marketing expenses...	[•]
Printing and stationery..	[•]
Others (Registrars fee, IPO grading fees, Registrar's fees, listing fees, legal fee, etc.)...	[•]
Total estimated Issue expenses...	**[•]**

* Will be incorporated after finalisation of Issue Price

The Issue expenses, except the listing fee, shall be shared between the Company and the Selling Shareholders in the proportion to the number of shares sold to the public as part of the Issue. The listing fees will be paid by the Company.

Fees Payable to the BRLMs, Brokerage and Selling Commission

The total fees payable to the BRLMs including brokerage and selling commission for the Issue will be as per the engagement letter dated December 18, 2007, issued by the Company, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Registrar's memorandum of understanding dated December 14, 2007, a copy of which is available for inspection at our Registered Office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post or speed post or under certificate of posting.

Companies Under The Same Management

Except as stated in "Our Promoter" on page 128 of the Draft Red Herring Prospectus, there are no companies under the same management.

Previous Rights and Public Issues

We have has not made any public or rights issues in India or abroad in the last five years preceding the date of this Draft Red Herring Prospectus**.** For details on the last public issue by the promoters, see the section titled "Our Promoters –Details of the last public/ rights issue made" on page 128 of this Draft Red Herring Prospectus.

Promise versus Performance- Last Issue of Promoter

This is the first public Issue of the Company. For details of public issues by the Promoter in the past see the section titled "Our Promoter and Promoter Group" beginning on page 128 of this Draft Red Herring Prospectus.

Commission and Brokerage paid on Previous Issues of the Company's Equity Shares

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Company's Equity Shares since inception.

Outstanding Debentures or Bond Issues or Preference Shares

Our Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Draft Red Herring Prospectus.

Issues otherwise than for cash

Other than as stated in "Capital Structure" on page 20 of the Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

Purchase of Property

Except as stated in the section titled "Objects of the Issue" in this Draft Red Herring Prospectus, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or

- the amount of the purchase money is not material; or

- disclosure has been made earlier in this Draft Red Herring Prospectus.

Except as stated in the section titled "Related Party Transactions" on page 148 of this Draft Red Herring Prospectus, we have not purchased any property in which any Promoter and/ or Directors, have any direct or indirect interest in any payment made thereof.

Interest of Promoters and Directors

FTIL, our Promoter, is an interested party in the following:

- The payments made in relation to the technical services agreements with the Company. See the section titled, "History and Certain Corporate Matters- Agreement with out Promoters" on page 96 of this Draft Red Herring Prospectus.

- A part of the proceeds of the Fresh Issue shall be used to enter into transactions with our Promoter to procure software and IT related services.

Except as stated above or otherwise stated elsewhere in this Draft Red Herring Prospectus, our promoter, FTIL, does not have any interest in our business, except to the extent of its shareholding in and earning returns thereon. For further details, see the section titled "Related Party Transactions" on page 148 of this Draft Red Herring Prospectus.

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association. For further details please refer to the section titled "our Management" on page 105.

All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives, or arising out of exercise of option granted under the ESOS, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Draft Red Herring Prospectus and also to the extent of any dividend payable to them and any other distributions in respect of the said Equity Shares.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners and/or trustees.

Except as stated otherwise in the Draft Red Herring Prospectus, we gave not entered into any contracts, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus, in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Stock Market Data for our Equity Shares

This being the initial public Issue, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

Investor grievance will be settled expeditiously and satisfactorily by us. The agreement between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of Allotment, demat credit, and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the respective Syndicate Member or collection centre where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue to address routine investor grievances shall be ten days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Thomas Fernandes, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Thomas Fernandes
349 Business Point,
Unit Nos. 702,703,704 and 705
7th Floor
Western Express Highway,
Andheri (East)
Tel: (91 22) 6715 2000
Fax: (91 22) 6715 2001
E-mail: mcx.ipo@mcxindia.com

Changes in Auditors

Name of Auditor	Date	Reason
Mukesh P. Shah and Company	April 22, 2002	Appointment
Mukesh P. Shah and Company	September 6, 2003	Resignation*
Deloitte Haskins & Sells	September 29, 2003	Appointment*

* The Shareholders appointed Deloitte Haskins & Sells to adopt global best practices.

Capitalisation of Reserves or Profits

We have not capitalised our reserves in the last five years, which have been utilised for the issue of bonus shares currently outstanding**.**

Revaluation of Assets

We have not revalued our assets in the past five years.

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, the ROC, RBI, and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank pari passu in all respects with the existing Equity Shares of the Company, including rights in respect of dividends. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment. See the section titled "Main Provisions of the Articles of Association" on page 302 of this Draft Red Herring Prospectus for a description of the Articles of Association.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 5 each and the Floor Price is Rs [●] and the Cap Price is Rs [●] per Equity share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a show of hands in person or a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, our Memorandum and Articles and terms of the listing agreements with the stock exchanges.

For a detailed description of the main provisions of our Articles relating to, among other things, voting rights, dividend, forfeiture and lien, recision, transfer and transmission and/or consolidation/splitting, see the section titled "Main Provisions of the Articles of Association" on page 302 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. **Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share.** Allocation and allotment of Equity shares through this Issue will be done only in electronic form in multiples of one Equity Share to the successful Bidders subject to a minimum Allotment of [•] Equity Share. For details of allocation and allotment, see the section titled "Issue Procedure- Basis of Allotment" on page 294 of this Draft Red Herring Prospectus.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the Person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or at the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of the provisions under Section 109A, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Fresh Issue (including allocation of at least 60% of the Net Issue to QIBs) to the extent of the amount payable on application, including devolvement to the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount (i.e., 60 days from the Bid/ Issue Closing Date), we shall pay interest prescribed under Section 73 of the Companies Act.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of allottees (i.e.) persons to whom the Equity Shares will be allotted under the Issue shall be atleast 1,000.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, India.

Application in Issue

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefore.

ISSUE STRUCTURE

The present Issue of 10,000,000 Equity Shares Rs. 5 each, at a price of Rs. [•] per Equity Share (including share premium of Rs [•] per share) for cash aggregating Rs. [•] million is being made through the 100% Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Business Associates	Eligible Employees	Existing FTIL Shareholders
Number of Equity Shares*	At least 5,400,000 Equity Shares.	Not less than 900,000 Equity Shares available for allocation.	Not less than 2,700,000 Equity Shares available for allocation	Up to 250,000 Equity Shares	Up to 500,000 Equity Shares	Up to 250,000 Equity Shares
Percentage of Issue Size available for Allotment/ Allocation	At least 60% of Net Issue (of which 5% shall be available for allocation for Mutual funds) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Not less than 10% of Net Issue available for allocation.	Not less than 30% of Net Issue available for allocation	Up to 2.5 % of the Issue Size.	Up to 5 % of the Issue Size.	Up to 2.5 % of the Issue Size.
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate as follows: (a)Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion;	Proportionate	Proportionate	Proportionate	Proportionate	Proportionate

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Business Associates	Eligible Employees	Existing FTIL Shareholders
	(b) Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.					
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. [●].	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. [●].	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. [●].
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid/ Allotment Lot	[•] Equity Shares in multiples of [•] Equity Shares	[•] Equity Shares in multiples of [•] Equity Shares	[•] Equity Shares in multiples of [•] Equity Shares	[•] Equity Shares in multiples of [•] Equity Shares	[•] Equity Shares in multiples of [•] Equity Shares	[•] Equity Shares in multiples of [•] Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply**	Public financial institutions, as specified in Section 4A of the	Resident Indian individuals, HUF (in the name of Karta),	Individuals (including HUFs) applying for Equity Shares such that the	Business Associates	Eligible Employees	Existing FTIL Shareholders

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Business Associates	Eligible Employees	Existing FTIL Shareholders
	Companies Act, scheduled commercial banks, mutual funds, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	companies, corporate bodies, scientific institutions societies and trusts.	Bid Amount does not exceed Rs. 100,000 in value.			
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	At least 10% of the Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price and subject to a minimum of 60% of the Net Issue being allocated to QIBs. In terms of section 19(2) (b) of the SCRR, this is an Issue for less than 25% of the post issue capital, therefore is being made through the 100% Book Building Process wherein, at least 60% of the Net Issue shall be allocated to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs including

the Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 10% of the Net Issue would be allocated to Non-Institutional Bidders and not less than 30% of the Net Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill-over from any other category at the sole discretion of our Company and the Selling Shareholders in consultation with the BRLMs.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Under subscription, if any, in the Reservation Portion will be added back to the Net Issue at the discretion of the Company, the Selling Shareholders and the BRLMs, subject to the Net Issue constituting 10% of the Post-Issue capital of the Company.

Withdrawal of the Issue

The Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime including after the Bid/ Issue Closing Date, without assigning any reason thereof.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply only for after Allotment, and (ii) the final ROC approval of the Prospectus after it is filed with the SEBI

Bid/ Issue Period

BID / ISSUE OPENS ON	**[•]**
BID / ISSUE CLOSES ON	**[•]**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/ Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and [•] p.m.** (Indian Standard Time) and uploaded until (i) [●] p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders, Existing Employees, Business Associates and Existing FTIL Shareholders where the Bid Amount is in excess of Rs. 100,000 and (ii) until such time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders, Existing Employees, Business Associates and Existing FTIL Shareholders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids and any revision in Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than [●] p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and the Selling Shareholder will not be responsible. Bids will be accepted only on Business Days.

Our Company, in consultation with the Selling Shareholder, reserves the right to revise the Price Band during the Bid /Issue Period in accordance with SEBI Guidelines. The cap on the Price Band shall not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid/Issue Opening Date.

In case of revision in the Price Band, the Bid /Issue Period will be extended for such number of days after revision of Price Band subject to the Bid /Issue Period not exceeding 10 working days. Any

revision in the Price Band and the revised Bid /Issue Period, if applicable, will be widely disseminated by notification to NSE and BSE by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this being an issue for less than 25% of the post Issue paid up equity capital of the Company, this Issue is being made through the 100% Book Building Process under the SEBI Guidelines, wherein not less than 60% of the Net Issue shall be allocated to QIBs on a proportionate basis. 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for Allotment to the QIB Bidders including Mutual Funds, subject to valid bids being received at or above Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill-over from any other category at the discretion of the Company, the Selling Shareholders and the BRLMs. In case of undersubscription in the Net Issue, spill over to the extent of undersubscription shall be permitted from the Reservation Portion subject to the Net Issue constituting 10% of the post-issue share capital of the company. Undersubscription, if any, in the Reservation Portion will be added back to the Net Issue at the discreation of the Company, the Selling Shareholders and BRLMs subject to the Net Issue constituting 10% of the post issue capital of the company. The Issue includes the Business Associates Reservation Portion of up to 250,000 Equity Shares, Employee Reservation Portion of up to 500,000 Equity Shares and Existing FTIL Shareholders Reservation Portion of up to 250,000 Equity Shares, which are available for allocation to Business Associates, Eligible Employees and Existing FTIL Shareholders respectively, on a proportionate basis.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through the BRLMs and/ or their affiliates. In case of QIB Bidders, the Company and the Selling Shareholders in consultation with the BRLMs may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and bids under the Reservation Portion, the Company and the Selling Shareholders would have a right to reject the Bids only on technical grounds.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the application form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public including resident QIBs, Non Institutional Bidders and Retail Individual Bidders	White
Eligible Employees	Pink
Business Associates	[•]
Existing FTIL Shareholders	[•]

Who can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);

- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;

- Mutual Funds registered with SEBI;

- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);

- Venture Capital Funds registered with SEBI;

- State Industrial Development Corporations;

- Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;

- Scientific and/or Industrial Research Organisations authorised under their constitution to invest in equity shares;

- Insurance Companies registered with Insurance Regulatory and Development Authority;

- As permitted by the applicable laws, Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;

- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;

- Eligible Employees;

- Business Associates;

- Existing FTIL Shareholders

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by associates of BRLMs and Syndicate Member

The BRLMs and Syndicate Member shall not be entitled to participate in this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Member may subscribe to Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

Bidders are advised to ensure that any single Bid from them does not exceed the investments limits or maximum number of Equity Shares that can be held by them under applicable laws, rules, regulations, guidelines and approvals.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 270,000 Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Under the SEBI Guidelines 5% of the QIB portion i.e. 270,000 Equity Shares has been specifically reserved for Mutual Funds.

Bids by SEBI registered Indian Venture Capital Funds

As per the current regulations, the following restrictions are applicable for SEBI registered Indian Venture Capital Funds:

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on Indian venture capital funds registered with SEBI. Accordingly, the holding by any individual Indian venture capital fund registered with SEBI should not exceed 25% of the corpus of the venture capital fund. However, venture capital funds may invest only up to 33.33% of their respective investible funds by way of subscription in various prescribed instruments, including in an initial public offer.

The above information is given for the benefit of the Bidders. The Company, the Selling Shareholder and the BRLM are not liable to inform the investors of any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Amount (including revision of Bid, if any) payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIB Bidders**: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory and statutory authorities governing them. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid /Issue Closing Date and is required to pay the QIB margin upon submission of the bid.**

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'Cut-Off'.

(c) **For Business Associates Reservation Portion**: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. The maximum Bid in this category by Business Associate cannot exceed Rs. [•].

(d) **For Employee Reservation Portion**: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. The maximum Bid in this category by an Eligible Employee cannot exceed Rs. [•].

(d) **For Existing FTIL Shareholders Reservation Portion**: The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. The maximum Bid in this category by an eligible existing FTIL shareholder cannot exceed Rs. [•].

(e) Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Bid process

(a) The Company and the Selling Shareholders will file the Red Herring Prospectus with the RoC at least three days before the Bid/ Issue Opening Date.

(b) The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors and at the request of potential investors, copies of the Red Herring Prospectus.

(c) Investors who are interested in subscribing for or purchasing our Company's Equity Shares should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bid.

(d) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.

(e) Eligible investors who are interested in subscribing for the Equity shares should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their bids.

(f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms which do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of Bidding

(a) The Company and the BRLMs shall declare the Bid /Issue Opening Date, Bid /Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in three widely circulated daily newspapers (one each in English, Hindi and Marathi) and indicate on the websites of BRLMs and terminals of Syndicates. This advertisement shall contain the disclosures as prescribed under the SEBI Guidelines. The BRLMS and the syndicate members shall accept Bids from the Bidders during the Bid/Issue Period. This advertisement, subject to the provisions of section 66 of the Companies Act shall be in the form prescribed in Schedule XX-A of the SEBI DIP guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/17/2/005/11/11 dated November 11, 2005.

(b) During the Bid/Issue Period, Investors who are interested in subscribing for the Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.

(c) The Bid/ Issue Period shall be a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and Bid/ Issue Period will be published in two national daily newspapers (one each in English and Hindi) and in a regional newspaper and also by indicating the change on the website of the BRLMs and at the terminals of the members of the syndicate and the Bid/ Issue Period may be extended, if required, by an additional three days, subject to the total Bid/ Issue Period not exceeding ten working days.

(d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details see the section titled "Issue Procedure-Bids at Different Price Levels" on page 275 of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure-Build up of the Book and Revision of Bids" on page 278 of this Draft Red Herring Prospectus.

(f) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.

(h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled "Issue Procedure-Terms of Payment and Payment into the Escrow Accounts" on page 276 of this Draft Red Herring Prospectus.

Bids at Different Price Levels

a) The Price Band has been fixed at Rs. [•] to Rs. [•] per Equity Share of Rs. 5 each, Rs. [•] being the Floor Price and Rs. [•] being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Rs. [•].

b) In accordance with SEBI Guidelines, the Company and the Selling Shareholders, in consultation with the BRLMs reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Draft Red Herring Prospectus.

c) In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to NSE and BSE, by issuing a public notice in three national daily, widely circulated newspapers (one each in English, Hindi and Marathi), and also by indicating the change on the websites of the BRLMs and at the bidding terminals of the members of the Syndicate.

d) The Company and the Selling Shareholders, in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

e) Bidders can bid at any price within the Price Band. Bidders have to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders and Bidders in the Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non-Institutional Bidders and Bidders in Reservation Portion bidding in excess of Rs. 100,000 and such Bids shall be rejected.**

f) Retail Individual Bidders and Bidders in the Reservation Portion who bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the respective Escrow Accounts. In the event the Bid Amount is higher than the subscription amount payable by such Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), such Bidders who Bid at Cut off Price, shall receive the refund of the excess amounts from the respective Escrow Accounts/refund account(s).

g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders in the Reservation Portion, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to the revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

h) In case of a downward revision in the Price Band Retail Individual Bidders, and Bidders in the Reservation Portion, who have bid at Cut-off Price who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Escrow Accounts/refund account(s).

i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

The Company the Selling Shareholders and the members of the syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the respective Escrow Account. The Escrow Collection Bank(s) will act in terms of this Draft Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Public Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Accounts/refund account(s) as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Selling Shareholders, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details see the section titled "Issue Procedure-Payment Instructions" on page 288 of this Draft Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder. Each QIB shall provide their QIB Margin Amount only to a BRLM and/ or their affiliates. Bid cum Application Forms accompanied by cash/ Stockinvest/ money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum Application Form. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds.

Each category of Bidders, i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders, Business Associates, Eligible Employees and Existing FTIL Shareholders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" on page 265 of this Draft Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the appropriate Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the members of the Syndicate, do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Electronic Registration of Bids

(a) The Member of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bid/Issue Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid / Issue Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bid /Issue Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

   i. Name of the investor (Investors should ensure that the name given in the Bid cum application form is exactly the same as the Name in which the Depositary Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form);

   ii. Investor Category –Individual, Corporate or Mutual Fund, etc.;

   iii. Numbers of Equity Shares bid for;

   iv. Bid price;

   v. Bid cum Application Form number;

   vi. Whether payment is made upon submission of Bid cum Application Form; and

   vii. Depository Participant Identification No. and Client Identification no. of the demat account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be Allotted either by the members of the Syndicate, the Selling Shareholders or the Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, the members of the Syndicate can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. In case of Bids under the Non-Institutional Portion, Bids under the Retail Portion and Bids under the Reservation Portion would not be rejected except on the technical grounds listed in this Draft Red Herring Prospectus.

(h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, the Selling Shareholders, the BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis in accordance with market practice.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. .

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(h) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

(i) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Company in consultation with the BRLMs based on the physical records of Bid/cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid /Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with the Company and the Selling Shareholders.

(b) The Company and the Selling Shareholders, in consultation with the BRLMs, shall finalise the Issue Price and the number of Equity Shares to be Allotted in each portion.

(c) The allocation to QIB Bidders of at least 60% of the Net Issue (including 5% specifically reserved for Mutual Funds) would be on a proportionate basis in consultation with Designated Stock Exchange subject to valid bids being received at or above the Issue Price, in the manner as described in the section titled "Issue Procedure-Basis of Allotment – Allotment to QIB Bidders" on page 294 of this Draft Red Herring Prospectus. The allocation to Non-Institutional Bidders of up to 10% and Retail Individual Bidders of up to 30% of the Net Issue Size, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(d) Under subscription, if any, in the Reservation Portion will be added back to the Net Issue at the discretion of the Company, the Selling Shareholders and the BRLMs, subject to the Net Issue constituting 10% of the Post-Issue capital of the Company.However, if the aggregate demand by Mutual Funds is less than 270,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be Allotted proportionately to the QIB Bidders.

(e) The BRLMs in consultation with the Company and the Selling Shareholders, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(f) The Company reserves the right to cancel the Fresh Issue any time after the Bid/Issue Opening Date but before Allotment without assigning any reasons whatsoever. The Selling Shareholders reserves the right to cancel the Offer for Sale any time after the Bid/Issue Opening Date but before Allotment without assigning any reasons whatsoever.

(g) **In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid / Issue Closing Date.**

(h) **The allotment details shall be put on the website of the Registrar to the Issue.**

Signing of Underwriting Agreement and Filing with the RoC

(a) The Company, the Selling Shareholders, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

(b) After signing the Underwriting Agreement, the Company and the Selling Shareholder would update and file the updated Draft Red Herring Prospectus with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the ROC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of the Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of basis of allocation by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs or members of the Syndicate would then dispatch the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Accounts at the time of bidding shall pay in full the amount payable into the Escrow Accounts by the Pay-in Period specified in the CAN.

(c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

(d) The Issuance of CAN is 'Subject to "Allotment/ Transfer Reconciliation and Revised CANs" as set forth under the chapter "Terms of Issue" of this Draft Red Herring Prospectus.

Notice to QIBs: Allotment/ Transfer Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid applications received. Based on the electronic book, QIBs will be sent a CAN on or prior to [●], 2008, indicating the number of Equity Shares that may be allotted to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) The Company and the Selling Shareholders will ensure that the Allotment of Equity Shares is done within 15 days of the Bid /Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.

(b) As per the SEBI Guidelines, **Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees**. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

(c) After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, the Company will allot the Equity Shares to the Allottees.

(d) Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act, rules, regulations and byelaws of the respective Depositories.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

Letters of Allotment or refund orders

We shall give credit to the beneficiary account with Depository Participants within two working days from the date of the finalisation of basis of allocation. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post only at the sole or First Bidder's sole risk within 15 days of the Bid/ Issue Closing Date, and adequate funds for the purpose shall be made available to the Registrar by us.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

i. Allotment shall be made only in dematerialised form within 15 days from the Bid/ Issue Closing Date;

ii. Despatch of refund orders shall be done within 15 days from the Bid/ Issue Closing Date; and

iii. We shall pay interest at 15.0% per annum (for any delay beyond the 15-day time period as mentioned above), if Allotment is not made, refund orders are not despatched and/or demat credits are not made to Bidders within the 15-day time prescribed above, provided that the beneficiary particulars relating to such Bidders as given by the Bidders is valid at the time of the upload of the demat credit.

We will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

GENERAL INSTRUCTIONS

Do's:

a) Check if you are eligible to apply;

b) Read all the instructions carefully and complete the Resident Bid cum Application Form (blue in colour) or Non-Resident Bid cum Application Form (white in colour), Business Associates Reservation Portion Bid cum Application Form ([•] in colour), Employee Reservation Portion Bid cum Application Form ([•] in colour), and Existing FTIL Shareholders Reservation Portion Bid cum Application Form ([•] in colour), as the case may be;

c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;

d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

e) Ensure that you have been given a TRS for all your Bid options;

f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

g) Ensure that the bid is within the price band;

h) Ensure that you mention your PAN allotted under the I.T. Act. (See "Issue Procedure - 'PAN' Number" on page 290); and

i) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.

j) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

a) Do not Bid for lower than the minimum Bid size;

b) Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the Price Band;

c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

d) Do not pay the Bid Amount in cash, money order or postal order;

e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders and Bidders under the Reservation Portion, for whom the Bid Amount exceeds Rs. 100,000);

g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

h) Do not submit Bid accompanied with Stockinvest.

i) **Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable ([●] colour for Resident Indians, [●] colour for Bidders under Business Associates Reservation portion, [●] colour for Bidders under Employee Reservation portion and [●] colour for Bidders under Existing FTIL Shareholders Reservation portion).

b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

c) The Bids from the Retail Individual Bidders must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid Amount of Rs. 100,000.

d) For Non-institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

e) For Business Associates Reservation Category, the Bid must be for a minimum of [•] Equity Shares in multiple of thereafter subject to a maximum of Bid Amount does not exceed Rs. [•].

f) For Employee Reservation Category, the Bid must be for a minimum of [•] Equity Shares in multiple of thereafter subject to a maximum of Bid Amount does not exceed Rs. [•].

g) For Existing FTIL Shareholders Reservation Category, the Bid must be for a minimum of [•] Equity Shares in multiple of thereafter subject to a maximum of Bid Amount does not exceed Rs. [•].

h) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

i) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Business Associates

For the purpose of the Business Associates Reservation Portion, Business Associates means the trading members and clearing members of our Company as of [•], who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid cum Application Form.

Bids under Business Associates Reservation Portion by Business Associates shall be

a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [•] colour Form).

b) Business Associates, as defined above, should mention their Membership Number at the relevant place in the Bid cum Application Form:

c) The sole/ first bidder should be Business Associates as defined above.

d) Only Business Associates would be eligible to apply in this Issue under the Business Associates Reservation Portion.

e) Bids by Business Associates will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.

f) Business Associates who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Business Associates whose minimum Bid Amount exceeds Rs. 100,000.

g) The maximum bid in this category by any Business Associate cannot exceed Rs. [•].

h) Bid/ Application by Business Associates cannot be made in the "Net Issue to the Public" and such bids shall be treated as multiple bids.

i) If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allocation shall be made to the Business Associates to the extent of their demand.

j) Under-subscription, if any, in the Business Associates Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the Company, the Selling Shareholder and the BRLMs. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Business Associates Reservation Portion.

k) If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allotment" on page 294 of this Draft Red Herring Prospectus.

l) This is not an issue for sale within the United States of any equity shares or any other security of the Company. Securities of the Company, including any offering of its equity shares, shall not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of the Company and FTIL who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid cum Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be

a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [•] colour Form).

b) Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid cum Application Form:

c) The sole/ first bidder should be Eligible Employees as defined above.

d) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.

e) Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.

f) Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000.

g) The maximum bid in this category by any Eligible Employee cannot exceed Rs. [•].

h) Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

i) If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

j) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the Company, the Selling Shareholder and the BRLMs. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

k) If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allotment" on page 294 of this Draft Red Herring Prospectus.

Bids by Existing FTIL Shareholders

For the purpose of the Existing FTIL Shareholders Reservation Portion, Existing FTIL Shareholders means shareholders of FTIL as on [•], who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid cum Application Form.

Bids under Existing FTIL Shareholders Reservation Portion by Existing FTIL Shareholders shall be

a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [•] colour Form).

b) Existing FTIL Shareholders, as defined above, should mention the following at the relevant place in the Bid cum Application Form:

   Registered Folio Number/DP and Client ID number

c) The sole/ first bidder should be Existing FTIL Shareholders as defined above.

d) Only Existing FTIL Shareholders would be eligible to apply in this Issue under the Existing FTIL Shareholders Reservation Portion.

e) Bids by Existing FTIL Shareholders will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.

f) Existing FTIL Shareholders who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Existing FTIL Shareholders whose minimum Bid Amount exceeds Rs. 100,000.

g) The maximum bid in this category by any Existing FTIL Shareholders cannot exceed Rs. [•].

h) Bid/ Application by Existing FTIL Shareholders can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

i) If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allocation shall be made to the Existing FTIL Shareholders to the extent of their demand.

j) Under-subscription, if any, in the Existing FTIL Shareholders Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the Company, the Selling Shareholder and the BRLMs. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from Reservation Portion subject to the Net Issue constituting 10% of the post-issue share capital of the Company.

k) If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allotment" on page 294 of this Draft Red Herring Prospectus.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company nor the Selling Shareholders shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of CANs/Allocation Advice and printing of bank particulars on the refund order or for refunds through Electronic Transfer of Funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form, Bidder would have deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through Electronic Transfer of Funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company nor the

Registrar nor the Selling Shareholders nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company and Selling Shareholders, in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through the Electronic Transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the Depositories.

Equity Shares in Dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two tripartite agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

(a) an agreement dated March 30, 2007 between NSDL, us and the Registrar to the Issue;
(b) an agreement dated September 3, 2004 between CDSL, us and the Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.

5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

8. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company and the Selling Shareholders in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that the Company, the Selling Shareholders and the BRLMs may deem fit.

The Company and the Selling Shareholders in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Payment Instructions

The Company and the Selling Shareholders shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

- The Bidders for shall with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.

- In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.

- The payment instruments for payment into the Escrow Account should be drawn in favour of:

    o In case of QIB Bidders: "Escrow Account-MCX Public Issue-QIB Resident"

- In case of Resident Retail and Non-Institutional Bidders: "Escrow Account-MCX Public Issue- Resident"
- In case of Business Associates: "Escrow Account-MCX Public Issue-Business Associates"
- In case of Eligible Employees: "Escrow Account-MCX Public Issue-Employees"
- In case of Existing FTIL Shareholders: "Escrow Account-MCX Public Issue Existing FTIL Shareholders"

- Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Accounts.
- The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Banker to the Issue.
- On the Designated Date and no later than 15 days from the Bid /Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

Payment by Stock invest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form provided however that for QIB Bidders the Syndicate Members shall collect the QIB Margin and deposit the same in a specifies escrow account.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple master.

2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.

3. Then the addresses of all these applications from the address master will be strung. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names.

4. The applications will be scanned for similar DP ID and Client ID numbers. In case applications bear the same numbers, these will be treated as multiple applications.

5. After consolidation of all the masters as described above, a print out of the same will be taken and the applications physically verified to tally signatures as also fathers/husbands names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

PAN

Each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company and the Selling Shareholders have a right to reject Bids on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

a) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;

b) Age of First Bidder not given;

c) In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;

d) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;

e) PAN not given;

f) Submission of the GIR number instead of the PAN;

g) Bids for lower number of Equity Shares than specified for that category of investors;

h) Bids at a price less than lower end of the Price Band;

i) Bids at a price more than the higher end of the Price Band;

j) Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders applying for greater than 100,000 Equity Shares;

k) Bids for number of Equity Shares, which are not in multiples of [•];

l) Category not ticked;

m) Multiple Bids as defined in this Draft Red Herring Prospectus;

n) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

o) Bids accompanied by Stockinvest/money order/postal order/cash;

p) Signature of sole and /or joint Bidders missing;

q) Bid cum Application Forms does not have the stamp of the BRLMs or the Syndicate Members;

r) Bid cum Application Forms does not have Bidder's depository account details;

s) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid cum Application Forms;

t) In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;

u) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure–Bids at Different Price

Levels" at page 275 of this Draft Red Herring Prospectus;

v) Bids by OCBs;

w) Bids by Non- Residents.

x) Bids not submitted through a member of the Syndicate

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through Electronic Transfer of Funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Selling Shareholders, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

We shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of Allocation. Applicants residing at 15 centres where clearing houses are managed by the RBI, will get refunds through ECS only except where the applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure despatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Bid/ Issue.

The payment of refund, if any, would be done through various modes as given hereunder :

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds through ECS is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, [•] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the abovementioned 15 centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the Indian Financial System Code ("IFSC") code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through ECS or direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company and the Selling Shareholders shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through Electronic Transfer of Funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company and the Selling Shareholders shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company and the Selling Shareholders further undertake that:

- Allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid/Issue Closing Date;

- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and

- The Company and the Selling Shareholders shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to its letter No. F/8/S/79 dated July 31, 1983, as amended by its letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Basis of Allotment

A. For Retail Individual Bidders

i. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

ii. The Net Issue size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

iii. If the aggregate demand in this category is less than or equal to 2,700,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.

iv. If the aggregate demand in this category is greater than 2,700,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of allotment, see below.

B. For Non-Institutional Bidders

i. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

ii. The Net Issue size less allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

iii. If the aggregate demand in this category is less than or equal to 900,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.

iv. In case the aggregate demand in this category is greater than 900,000 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of allotment see below.

C. For QIB/Bidder

i. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Issue Price.

ii. The QIB Portion shall be available for allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

iii. Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

1. In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

2. In the event that the aggregate demand form Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.

3. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance allotment to all QIBs shall be determined as follows:

1. In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

2. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

3. Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

iv. The aggregate allotment to QIB Bidders shall not be less than 5,400,000 Equity Shares.

D. For Business Associates Reservation Portion

i. Bids received from the Business Associates at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Business Associates will be made at the Issue Price.

ii. If the aggregate demand in this category is less than or equal to 250,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Business Associates to the extent of their demand.

iii. If the aggregate demand in this category is greater than 250,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiple of [•] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

iv. Only Business Associates are eligible to apply under Business Associates Reservation Portion.

E. For Employee Reservation Portion

i. Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.

ii. If the aggregate demand in this category is less than or equal to 500,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.

iii. If the aggregate demand in this category is greater than 500,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiple of [•] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

iv. Only Eligible Employees are eligible to apply under Employee Reservation Portion.

F. For Existing FTIL Shareholders Reservation Portion

i. Bids received from the Existing FTIL Shareholders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Existing FTIL Shareholders will be made at the Issue Price.

ii. If the aggregate demand in this category is less than or equal to 250,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Existing FTIL Shareholders to the extent of their demand.

iii. If the aggregate demand in this category is greater than 250,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiple of [•] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

iv. Only Existing FTIL Shareholders are eligible to apply under Existing FTIL Shareholders Reservation Portion.

Method of Proportionate Basis of Allotment in the QIB, Retail, Non-Institutional and Reservation Portions

In the event of the Issue being over-subscribed, we shall finalize the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorized according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate allotment is less than [•] Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of [•] Equity Shares; and
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

e) If the proportionate allotment to a Bidder is a number that is more than [•] but is not a multiple of [•] (which is the marketable lot), the number in excess of the multiple of [•] would be rounded off to the higher multiple of [•] if that number is [•] or higher. If that number is lower than [•], it would be rounded off to the lower multiple of [•]. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds (MF)

A. Issue details

Sr. No.	Particulars	Issue details
1	Issue size	100 million Equity Shares
2	Allocation to QIB (50% of the Net Issue)	50 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	2.5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	47.5 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	250 million Equity Shares

B. Details of QIB Bids

Sr. No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	25
2	A2	10
3	A3	65
4	A4	25
5	A5	25
6	MF1	20
7	MF2	20
8	MF3	40
9	MF4	10
10	MF5	10
	TOTAL	250

A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. **Details of Allotment to QIB Bidders/Applicants**

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 2.5 million Equity Shares to Mutual Funds proportionately (please see note 2 below)	Allocation of balance 47.5 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to Mutual Funds
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	25	0	4.80	0
A2	10	0	1.92	0
A3	65	0	12.48	0
A4	25	0	4.80	0
A5	25	0	4.80	0
MF1	20	0.5	3.74	4.24
MF2	20	0.5	3.74	4.24
MF3	40	1.0	7.48	8.48
MF4	10	0.25	1.87	2.12
MF5	10	0.25	1.87	2.12
	250	**2.5**	**47.5**	**21.2**

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled "Issue Structure" on page 265.

2. Out of 50 million equity shares allocated to QIBs, 2.5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 100 million shares in the QIB Portion.

3. The balance 47.5 million equity shares (i.e. 50 – 2.5 (available for Mutual Funds only)) will be allocated on proportionate basis among 10 QIB bidders who applied for 250 million shares (including 5 Mutual Fund applicants who applied for 100 million shares).

4. The figures in the fourth column titled "Allocation of balance 95 million equity shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 47.5 / 247.5

   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 47.5/247.5

   - The numerator and denominator for arriving at allocation of 47.5 million equity shares to the 10 QIBs are reduced by 2.5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Undertakings by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by them expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allocation;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer.
- that where refunds are made through Electronic Transfer of Funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- that no further issue of Equity Shares shall be made till the Equity Shares offered through the Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Selling Shareholders undertake that:

- the Equity Shares being sold pursuant to the offer to the public, have been held by us for a period of more than one year and the Equity Shares are free and clear of any liens or encumbrances, and shall be transferred to the eligible investors within the specified time;
- the funds required for despatch of refund orders or Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
- that the Complaints received in respect of this Issue shall be attended to by the Selling Shareholders expeditiously and satisfactorily. The Selling Shareholders has authorized the Compliance Officer and the Registrar to the Issue to redress complaints, if any, of the investors; and
- that the refund orders or Allotment advice to the successful Bidders shall be dispatched within specified time.

The Company and the Selling Shareholders shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Company shall transfer to the Selling Shareholders, the proceeds from the Offer for Sale, on the same being permitted to be released in accordance with applicable laws.

Utilisation of Fresh Issue Proceeds

The Board of Directors of the Company certifies that:

- all monies received out of the Fresh Issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- details of all monies utilised out of the Fresh Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;

- details of all monies utilised out of the funds received from Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilised;

- details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested;

- details of all unutilized monies out of the funds received from the Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutlilised monies have been kept.

The Company and the Selling Shareholders shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.

Pre-Issue and Post Issue related problems

We have appointed Thomas Fernandes, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

Thomas Fernandes
349 Business Point,
Unit Nos. 702,703,704 and 705
7th Floor
Western Express Highway,
Andheri (East), Tel: (91 22) 6715 2000
Fax: (91 22) 6715 2001
E-mail: ipo@mcxindia.com

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The current Comprehensive Manual for Foreign Direct Investment- Policy & Procedures issued by the Department of Industry Policy and Promotion, Ministry of Commerce and Industry does not prescribe any cap on the foreign investments in the sector in which the Company operates.

We have been given to understand by RBI that foreign investment in Commodity Exchanges is being examined by Reserve Bank of India in consultation with the Government of India. Accordingly NRIs and FIIS may not participate in this Issue.

By a press release date January 30, 2007, the Union Cabinet has proposed that foreign direct investment up to 26% and FII investment up to 23% in commodity exchanges shall be allowed and that such investment limit is subject to a further stipulation that no single investor shall hold more than 5%. Further, as per the "FAQS on the Forward Contracts (Regulation) Amendment Ordinance 2008 and the Policy for FDI/FII in Commodity Exchanges" issued by the Ministry of Consumer Affairs, Food and Public Distribution on February 12, 2008, foreign direct investment would be allowed in commodity exchanges only with the prior approval of the Foreign Investment Promotion Board, Government of India. More comprehensive regulations in this regard have not as yet been notified either by the Government or the Reserve Bank of India.

Representation from the Bidders

No person shall make a Bid in Issue, unless such person is eligible to acquire Equity Shares of the Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters, the Selling Shareholders and their respective directors, officers, agents, affiliates and representatives, as applicable, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters, the Selling Shareholders and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 ("the Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act).

SECTION VII

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

Pursuant to Schedule II of the Companies Act and SEBI Guidelines, the main provisions of the Articles of Association of our Company are set forth below:

<u>CAPITAL AND INCREASE AND REDUCTION OF CAPITAL</u>

Increase in Capital

Article 7 provides that "The Company may from time to time, by special resolution, increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution."

Purchase by Company of its own shares.

Article 18 provides that "The Company may buy back its own shares in accordance with the provisions of the Companies Act, 1956."

Reduction of Capital

Article 17 provides that "The Company may by Special Resolution, after complying with the provisions of the Act, in any manner and with and subject to any incidence authorized and consent required by law, reduce its share capital; capital redemption reserve account and Any share premium account.

Variation of rights

Article 12 provides that "The right attached to any class of shares (unless otherwise provided by the terms of the issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act, be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of the Special Resolution passed at a separate meeting of the holders of the issued shares of that class and the provisions of these Articles relating to General Meeting shall *mutatis mutandis* apply, provided that the necessary quorum shall be two (2) persons at least holding one-tenth of the issued shares of the class."

<u>COMMISSION AND BROKERAGE</u>

Article 14 provides that "The Company may exercise the powers of paying commission and/or brokerage conferred by Section 76 of the Act."

<u>CALLS ON SHARES</u>

Article 21 provides that "Subject to the provisions of Section 91 of the Companies Act, the Board may from time to time make such calls as it thinks fit upon the Members of the Company in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof, made payable at fixed times:

a. A call may be made payable in instalments.

b. Each member shall pay the amount of every call so made on him to the person and at the time and place appointed by the Board.

c. A call may be revoked or postponed at the discretion of the Board.

d. The option or right to call of shares shall not be given to any person except with the sanction of the issuer in general meeting."

When interest on calls payable

Article 21 provides that "If sum called in respect of shares is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate fixed by the Board, not exceeding fifteen per cent (15%) per annum, from the day appointed for the payment, but the Board shall be at liberty to waive payment of that interest wholly or in part."

Payment of calls in advance

Article 21 provides that "The Board may, if they think fit, and subject to the provision of Section 92 of the Act, receive from any Member willing to advance the same, either in money or moneys worth, all or any part of the moneys uncalled and unpaid-upon any shares held by him and upon all or any part of the moneys so advanced may, (until the same would, but for such advance become presently payable) pay without the sanction of the Company in General Meeting interest at such rate, not exceeding twelve per cent (12%) per annum, as may be agreed upon between the Member paying the sum in advance and the Board, but shall not in respect thereof confer a right to dividend or to participate in profits. The Member making such advance shall not be entitled to any voting rights in respect of such advance, until the same would but for such payment become presently payable. The provision of these Articles shall apply mutatis mutandis to calls on the debenture of the Company."

Partial payment not to preclude forfeiture

Article 21 provides that "Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any share nor any part payment or satisfaction there under, nor the receipt by the Company of portion of any money which shall from time to time be due from any Member in respect of any share either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided."

<u>TRANSFER AND TRANSMISSION OF SHARES</u>

Instrument of transfer

Article 22 provides that "Subject to the provisions of Section 108 of the Act, the rules prescribed there under and these Articles, the shares in the Company shall be transferred by an instrument in writing in the prescribed form and duly stamped."

Article 22 provides that "The instrument of transfer of any shares in the Company shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Register of Members of the Company in respect thereof."

Board's right to refuse transfer

Article 22 provides that " Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, The Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on the shares. Transfer of shares/ debentures in whatever lot shall not be refused."

Transfer Fee

Article 22 provides that "Notwithstanding any other provisions to the contrary contained in these presents, no fee shall be charged for any of the following:

a. For registration of transfer of shares or debentures, or for transmission of shares or debentures;

b. For sub-division and consolidation of share and debenture certificates and letters of allotment, and for splitting, consolidation and renewal into denominations corresponding to the market units of trading;

c. For sub-division of renounceable Letter of Right

d. For issue of certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised; and

e. For registration of any power of attorney, letters of administration or similar other documents.

Closure of Register of Members

Article 22 provides that "The Board may, after giving not less than seven (7) days previous notice by advertisement as required by the Companies Act, close the Register of Members or the register of debenture holders for any periods not exceeding in the aggregate forty-five (45) days in each year but not exceeding thirty (30) days at any one time."

Right to shares on death of a Member

Article 22 provides that "a**.** On the death of a Member, the survivor or survivors where the Member was joint-holder, and his legal representatives where he was sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares. **b.** Nothing in sub-clause (a) shall release the estate of a deceased joint-holder from any liability in respect of any shares, which had been jointly held by him with other persons."

<u>FORFEITURE OF SHARES</u>

If call or instalment not paid notice to be given

Article 24 provides that **"**If a Member fails to pay any call or instalment of a call or interest thereon on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or instalment or interest remains unpaid, serve a notice on such Member requiring him to pay the same together with interest at fifteen per cent (15%) per annum or such other rate as the Board may decide and all expenses that may be incurred by the Company by reason of such non-payment."

Forfeiture on failure to comply with notice

Article 24 provides that **"**If the requirements of any such notice as aforementioned are not complied with, any shares in respect of which the notice has been given may, at any time thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect and such forfeiture shall include all dividends declared in respect of forfeited shares and not actually paid before forfeiture."

Boards right to disposal of forfeited shares or cancellation

Article 24 provides that **"**A forfeited or surrendered share shall be deemed to be the property of the Company and may be sold or otherwise disposed of on such terms and in such manner as the Board may think fit, but at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Board may think fit."

Liability after forfeiture

Article 24 provides that "A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but shall notwithstanding such forfeiture, remain liable to pay and shall forthwith pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of shares together with interest at fifteen per cent (15%) per annum, whether such claim be barred by limitation on the date of the forfeiture or not; but his liability shall cease if and when the Company receives payment in full of all moneys due. The Board may if they shall think fit remit the payment of such interest or any part thereof."

SET-OFF OF MONEYS DUE TO SHAREHOLDERS

Article 25 provides that "Any money due from the Company to a shareholder may, without the consent of such shareholder, be applied by the Company in or towards payment of any money due from him, either alone or jointly with any other person, to the Company in respect of calls or otherwise."

CONVERSION OF SHARES INTO STOCK

Conversion of shares into stock and re-conversion

Article 26 provides that "The Company, by an ordinary resolution, may:

a. Convert any paid-up shares into stock; and

b. Re-convert any stock into paid-up shares of any denominations."

Rights of Stock-holders

Article 26 provides that "The holders of the stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as conferred by Section 96 of the Act."

BORROWING POWERS

Article 57 provides that "Subject to these Articles, the Board may, from time to time, but with such consent of the Company in general meeting as may be required under Section 293 of the Act, raise or borrow or secure the repayment of any moneys or sums of moneys for the purpose of the Company; provided that the moneys to be borrowed by the Company, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, shall not, without the sanction of the Company at a general meeting, exceed the aggregate of the paid-up capital of the Company and its free reserves.

Provided that, every resolution passed by the Company or the power to borrow as stated above shall specify the total amount up to which moneys may be borrowed by the Board. The Directors may by a resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or the Managing Director within the limits prescribed."

GENERAL MEETINGS

Annual General Meeting

Article 27 provides that "In addition to any other meetings, Annual General Meeting of the Company shall be held within such intervals as are specified in Section 166 (1) of the Companies Act and, subject to the provisions of Section 166 (2) of the Companies Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice of convening the meeting. Any other meeting of the Company shall be an "Extraordinary General Meeting"."

Right to summon Extraordinary General Meeting

Article 27 provides that "The Board may whenever it think fit and shall on the requisition of the Members in accordance with Section 169 of the Companies Act proceed to call an Extraordinary General Meeting. The requisitionists may, in default of the Board convening the same, convene the Extraordinary General Meeting as provided by Section 169 of the Companies Act. Provided that, unless the Board shall refuse in writing to permit the requisitionists to hold the said meeting at the Registered Office, it shall be held at the Registered Office."

Extraordinary General Meeting by requisition

Article 27 provides that "The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions proposed by the Members and circulating statements on the requisition of members."

Notice for General Meeting

Article 27 provides that "A General Meeting of the Company may be called by giving not less than twenty one (21) days' notice in writing, provided that, a General Meeting may be called after giving shorter notice if consent thereto is accorded in the case of the Annual General Meeting by all Members entitled to vote thereat and in the case of any other meeting, by Members of the Company holding not less than ninety-five per cent (95%)of that part of the paid-up share capital which gives the right to vote on the matters to be considered at the meeting.

Provided that where any Members of the Company are entitled to vote on some resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purpose of this clause in respect of the former resolution or resolutions and not in respect of the latter."

Accidental omission to give notice not to invalidate meeting

Article 27 provides that "Accidental omission to give notice of any meeting to or non-receipt of any such notice by any of the Members shall not invalidate the proceedings of or any resolution passed at such meeting."

Special business and statement

Article 27 provides that " (a) All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exception of declaration of a dividend, the consideration of the accounts, balance sheets and the reports of the Directors and Auditors, the election of the Directors in the place of those retiring by rotation and the appointment of and the fixing of the remuneration of Auditors; (b) Any Annual General Meeting may transact any item of business whether ordinary or special; (c) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director and the Managing Director and if any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid."

PROCEEDINGS AT GENERAL MEETING

Quorum

Article 28 provides that "Five (5) Members personally present shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the time when the meeting proceeds to business."

If quorum not present, when meeting to be dissolved and when not to be dissolved
Article 28 provides that "If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting if called upon the requisition of Members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such other day and such other time and place as the Board may determine and if at the adjourned meeting a quorum is not present, within half an hour from the time appointed for the meeting, the Members present shall be a quorum."

Adjournment of meeting

Article 28 provides that "The chairman, may with the consent of the majority of Members personally present at a meeting at which a quorum is present (and shall if so directed by such majority), adjourn that meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which adjournment took place. When a meeting is adjourned for thirty 30) days or more, notice of the adjourned meeting shall be given as nearly as may be as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of the business to be transacted at an adjourned meeting."

Questions at General Meeting how decided

Article 28 provides that "At any General Meeting, a resolution put to the vote in the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried unanimously or by a particular majority or lost and an entry to that effect in the books of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution."

Casting Vote

Article 28 provides that "In the case of an equality of votes, the chairman shall, both on a show of hands and on a poll, have a second or casting vote in addition to the vote or votes to which he may be entitled as a Member."

Taking of poll

Article 28 provides that "If poll is duly demanded in accordance with the provisions of Section 179 of the Companies Act, it shall be taken in such manner as the chairman directs and in accordance with the provisions of Sections 183 and 185 of the Companies Act and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken. The chairman shall appoint two (2) scrutineers in the manner required by Section 184 of the Companies Act."

VOTES AT MEETINGS

Voting rights

Article 29 provides that "Every Member of the Company holding any equity shares having voting rights, shall have a right to vote in respect of such share on every resolution placed before the Company. On a show of hands, every such Member present in person shall have one vote. On a poll, his voting right in respect of such shares shall be in proportion to his share of the paid-up equity capital of the Company.”

No vote if calls unpaid
Article 29 provides that “No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.”

Vote by proxy

Article 29 provides that “On a poll, votes shall be given in person.”

Representation of company or body corporate

Article 29 provides that “Where a company or body corporate (hereinafter called “member company”) is a Member of the Company, a person, duly appointed by resolution of the member company’s board of directors in accordance with the provisions of Section 187 of the Act to represent such member company at a meeting of the Company or at any meeting of class of members of the Company, shall not by reason of such appointment be deemed to be a proxy. A copy of such resolution duly signed by a director of such member company and certified by him as being a true copy of the resolution, upon lodging with the Company at the Office or production at the meeting, shall be accepted by the Company as sufficient evidence of the validity of his appointment; such a person shall be entitled to exercise the same rights and powers, including the right to vote on behalf of the member company, as if it were an individual Member.”

Validity of vote

Article 29 provides that “No objection shall be made to the validity of any vote, except at the meeting or the adjourned meeting or poll at which such vote shall be tendered, and every vote, whether given personally and not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.”

Chairman sole judge of validity

Article 29 provides that “The chairman of the meeting shall be the sole judge of the validity of every vote tendered at such meeting and the chairman present at the taking of the poll shall be the sole judge of the validity of every vote tendered at such poll.”

Casting of vote by Postal Ballot
Article 29 provides that “In accordance with the relevant provisions of the Companies Act, 1956, and the rules made thereunder, the specified items of business to be decided by postal ballot shall be so decided and the Company shall comply with the applicable provisions.”

BOARD OF DIRECTORS

Number of Directors

Article 30 provides that “The Board of Directors shall consist of not more than 18 (Eighteen) directors inclusive of 4 Government of India / FMC nominees and nominee director in public interest. Provided that any increase in the number of directors beyond twelve shall be with the approval from the Central Government.”

(The maximum numbers of directors of the Company has been increased from Twelve to Eighteen (12 to 18) vide, Special Resolution dated 24.09.2004 and Central Governments approval Order No. 3/91204 – CL.VII dated 1st April 2005. This approval was valid up to March 31, 2006 which has been extended for a further period up to July 31, 2007 by of way of letter dated June 12, 2006.).).

Non-retiring Directors

Article 30 provides that "Mr. Jignesh Shah, Managing Director shall be a permanent Director of the Company and shall hold office which shall not be liable to retire by rotation."

Shareholders to appoint Directors

Article 30 provides that "Subject to the provisions of Section 255 of the Act, Directors other than the Non-retiring Directors (whose number shall not exceed one third of the total number of directors) and nominated Directors shall be appointed by the shareholders of the Company in a General Meeting and shall be liable to retire by rotation as hereinafter provided.

Share Qualification

Article 30 provides that "No share qualification shall be required to be held by any Director."

Additional Director

Article 30 provides that "The Board shall have power, at any time and from time to time, to appoint any person as a Director, as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual general Meeting of the Company but shall be eligible to be elected at such meeting."

MANAGING DIRECTOR / WHOLE TIME DIRECTOR

Article 32 provides that "The Board may from time to time appoint any one or more Directors to be the Managing Director(s) or Whole Time Director(s) of the Company on such terms and conditions as the Board may think fit and for a fixed term or without any limitation as to the period for which he is to hold such office, and may from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him from office and appoint another in his place. The Board may similarly appoint one or more Deputy Managing Director(s) of the Company.
The Managing Director shall function as the Chief Executive of the Exchange and all powers in respect of the day-to-day affairs of the Company shall be vested with him. Besides, the Board may delegate on him such other powers and responsibilities, as it may deem fit, from time to time. The Managing Director shall be empowered to delegate such powers and functions to other officers or committees or Advisory Boards, as he may desire."

Removal of Directors

Article 33 provides that **"**The Company may remove any Director before the expiration of his period of office in accordance with the provisions of Section 284 of the Act and may, subject to the provisions of Sections 262 and 274 of the Act and these Articles, appoint a person in his stead.
Provided that the directors appointed by FMC cannot be removed by the company."

Remuneration of Directors

Article 35 provides that

"(a) Subject to the provisions of the Act, a Managing Director or a Director who is in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other or otherwise in any other mode not expressly prohibited by the Act. (b)Subject to the provisions of the Act, a Director, who is neither a Managing Director nor in the whole-time employment of the Company, may be paid remuneration either:

(i) By way of monthly, quarterly or annual payment with the approval of the Government; or

(ii) By way of commission, if the Company authorises such payment by a special resolution.

(c) The fee payable to a Director (excluding a Managing Director or a whole-time Director) for attending a meeting of the Board or Committee thereof shall be such sum as may be decided by the Board, not exceeding the maximum sum as may be allowed to be paid under the provisions of the Companies Act and rules made thereunder.

(d) If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided.

(e) The Directors shall allow and pay to any Director who is not a bona fide resident in the place where meetings of the Directors or of a Committee are ordinarily held and who shall come to such place or who incurs travelling & other expenses for attending a meeting of the Board or a Committee, such sum as the Directors may consider fair compensation for his travelling and other expenses for attending a meeting of the Board or a Committee in addition to his fee for attending such meeting."

Director may contract with the Company

Article 38 provides that

"(a) Subject to the provisions of Section 314 of the Act, no Director shall be disqualified from his office by holding any office or place of profit under the Company or under any company in which this Company shall be a share holder, or otherwise interested, or which is a shareholder in this Company, or from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the company in which any Director shall be in any way interested, be avoided, nor shall any Director be liable to account to the Company for any profit arising from any such office or place of profit or released by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established, but it is declared that the nature of his interest shall have been disclosed by him at the meeting of the Directors at which the contract or arrangement is determined on, if his interest then existed or in any other case, at the first meeting of the Directors after the acquisition of his interest.

(b) Subject to the relevant provisions of the Companies Act, 1956, no Director shall as a Director vote in respect of any contract / arrangement in which he is so interested as aforesaid and if he does so vote, his vote shall not be counted. Such prohibition shall not apply to any contract by or on behalf of the Company to give the Directors or any of them any security for advance or by way of indemnity.

(c) A general notice in the prescribed form that a Director is a member of any specified firm or company, and that he is to be regarded as interested in all transactions with that firm or company, shall be sufficient disclosure under this clause as regards such Director and such transactions, and after such general notice it shall not be necessary to give any special notice regarding any particular transaction with that firm or company."

Rotation and retirement of Directors

Article 39 provides that

"a. At every Annual Meeting one third of such Directors for the time being are liable to retire by rotation or if their number is not three or multiple of three, then the number nearest to one-third shall retire from office. The Directors to retire in such cases shall be those who have been longest in office since the last appointment but as between persons who became directors on the same day, shall (unless they otherwise agree among themselves). Provided that, the Director (s) nominated by FMC, the Managing Director(s) and Whole time Director(s) if any shall not be liable to retirement by rotation and shall not be counted for the purpose of determining the number of Directors liable to retire by rotation."

b. A Retiring Director shall be eligible for re-election. The Company at the General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing him or another person thereto.

c**.** Subject to Section 256 of the Act, if any meeting at which an election of Directors ought to take place, the place of the vacating Director is not filled up and the meeting has not expressly resolved not to fill up the vacancy, the meeting shall stand adjourned till the same day in the next week or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting the place of vacating Directors is not filled up and that meeting has also not expressly resolved not to fill up the vacancy, then the vacating Director or such of them as have not had their places filled up shall be deemed to have been re-appointed at the adjourned meeting.

d. Financial Technologies (India) Limited. (FTIL) shall have the right to appoint its nominee on the Board of Directors Of the Company upon such terms and conditions as it may think fit as long as it continues to hold more than 4 % of the paid up equity capital of the Company. Such a nominee shall not be required to hold any qualification shares and shall otherwise be entitled the same rights and privileges and be subject to the same obligations as any other Director of the Company. Such nominees shall be entitled to receive notices of all Board and General Meetings of the Company. Such a nominee shall not retire by rotation. FTIL shall have the right to replace/withdraw/remove its nominee Director at any time and from time to time. FTIL shall also have the right to nominate its nominee on each committee appointed by the Board."

General Meeting to increase or reduce the number of Directors

Article 40 provides that **"**Subject to the provisions contained in these Articles and Sections 252, 255 and 259 of the Act, the Company in General Meeting may increase or decrease the number of its Directors. Provided that the number of public / non executive directors will always constitute one third of the Board."

Acts done by the Board valid notwithstanding defective appointment

Article 41 provides that "All acts done by Board, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Director and such person had been appointed and was qualified to be a Director as the case may be."

PROCEEDINGS OF THE BOARD OF DIRECTORS

Meeting of the Board

Article 42 provides that

"a. The Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit; provided that a meeting of the Board shall be held at least once in every three (3) calendar months and at least four (4) such meetings shall be held every year.

b. The Chairman or Managing Director, may and the Secretary shall on the request of two or more Directors summon a meeting of the Board. Meetings of the Board of the Company shall be held pursuant to a notice of at least seven (7) days or such shorter notice as may be agreed by the directors. The notice of meeting of the Board shall be given in writing to every Director, whether absentee or alternate, at his usual address whether in India or abroad.

c. Where a notice of meeting is required to be given to a Director who is not in India, the notice shall be given by telex or facsimile (fax) or Email transmission at the telex or fax number or Email address provided by such Director. The service of notice shall be deemed to have been effected on the first working day following the day on which the telex or fax or Email is sent.

d. Every notice convening a meeting of the Board shall set out the agenda of the business to be transacted thereat in full and sufficient details. Unless otherwise agreed to by all the Directors for the time being of the Company, no item of business shall be transacted at such meeting, which had not been stated in full and sufficient detail in the said notice convening the meeting.

Resolution by circulation

Article 43 provides that "Save as otherwise expressly provided in the Act, a resolution shall be as valid and effectual as if it had been passed by the Board or a Committee constituted by the Board, as the case may be, duly called and constituted if a draft thereof in writing is circulated with the necessary papers, if any, to all the Directors or to all the Members of the Committee (including absentee Directors / Members), as the case may be, at the usual address whether in or outside India, and has been approved in writing by a majority of such of them as are entitled to vote on the resolution."

Quorum

Article 46 provides that "The quorum for a meeting of the Board shall be one-third of its total strength, (any fraction contained in that one-third being rounded off as one) or three (3) Directors whichever is higher, provided that, where at any time the number of interested Directors is equal to or exceeds two-thirds of the total strength, the number of Directors who are not interested, present at the meeting, being not less than three (3), shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting; that is, the total strength of the Board after deducting there from the number of Directors, if any, whose places are vacant at that time."

Nomination of Directors by Government or financial institution

Article 60 provides that "In case the Central Government or any State Government or any industrial finance corporation, sponsored or financed by any of the above Governments, or any other financial institution, bank or agency grants loan or accepts participation in the capital of the Company in pursuance of any underwriting of the capital of the Company, such Government, corporation, other financial institution or bank may, if the Company so consents, be entitled, so long as such Government corporation, other financial institution or bank continues to be a creditor or shareholder in terms of such arrangement, to nominate, and from time to time to substitute in the place of such nominee, a Director to protect the interests of such Government, corporation, other financial institution or bank, on the Board of Directors of the Company. The Director, so nominated, shall not be liable for retirement by rotation or to hold any qualification shares. The appointing Government, corporation, other financial institution or bank may, from time to time, remove the person so appointed and appoint or re-appoint any other person in his place. In the event of any vacancy in the office of such Director, for any reason whatsoever, the Government, corporation, other financial institution or bank that appointed him, may appoint any other person to fill up such vacancy."

DIVIDENDS AND RESERVES

Declaration of dividends

Article 69 provides that "The Company in general meeting may declare dividends but no dividend shall exceed the amount recommended by the Board."

Interim dividend

Article 70 provides that "The Board may from time to time pay to the Members such interim dividends as appear to them to be justified by the profits of the Company."

Dividends to be paid out of profits only

Article 71 provides that "No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act."

Reserves

Article 72 provides that

"(a) The Board may, before recommending any dividend, set aside out of the profits of the Company, such amount as they think proper as a reserve, which shall, at the discretion of the Board, be applicable for any purpose to which the profit of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends, and pending such application, may at its discretion either be employed in the business of the Company or be invested in such investment as the Board may, from time to time, think fit.

(b) The Board may also carry forward any profits, which it may think prudent not to divide, without setting them aside as reserve."

Adjustment of dividends against calls

Article 74 provides that "Members of such amount as the meeting fixes, but the call on each Member shall not exceed the dividend or bonus payable to him and the call can be made payable at the same time as the dividend or bonus and the dividend or bonus may if so arranged between the Company and the members be set off against the call."

No interest on dividend

Article 77 provides that "No dividend shall bear interest against the Company."

<u>CAPITALIZATION OF PROFITS</u>

Article 80 provides that

"(a) Subject to these Articles, the Company in General Meeting, may on the recommendation of the Board, resolve:

(b) (i) That it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

(ii) That such sums be accordingly set free for distribution in the manner specified in these presents, amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions."

<u>DIRECTORS' POWER TO DECLARE BONUS</u>

Article 81 provides that

"(a) Whenever a resolution to declare and distribute bonus, as aforesaid, shall have been passed, the Board shall:

(i) Make all appropriations and applications of the undivided profits resolved to be capitalised hereby and make all allotments and issue fully paid shares if any; and

(ii) Generally do all acts and things required to give effect thereto."

WINDING UP

Distribution of assets upon winding up

Article 94 provides that "If the Company shall be wound up and if the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up equity capital or equity capital deemed to be paid-up, such assets shall be distributed so that the losses shall be borne by the Members in proportion to the equity capital paid-up or deemed to be paid-up at the commencement of the winding up, on the shares held by them respectively; and if in winding up, the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the equity capital paid-up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the equity capital paid-up or deemed to be paid-up at the commencement of the winding up, on the shares, held by them respectively. In the event of winding up, where capital is paid-up on any shares in advance of calls, upon the condition that the same shall carry interest, such capital shall be excluded and shall be repayable in full before the distribution is made on the paid-up capital or capital deemed to be paid-up together with interest at the rate agreed upon. The provisions of this Article shall be subject to any special rights or liabilities attached to any special class of shares forming part of the capital of the Company."

Indemnity and Responsibility

Article 96 provides that
"(a) Subject to the provisions of the Act, the Managing, Technical, Executive or whole- time Directors, Secretary, Auditor, Advisor and every officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Company to pay out of the funds of the Company, all properly documented costs, losses, and expenses including travelling expenses which any such Managing, Technical, Executive or whole-time Directors, Director, Secretary, Auditor, Advisor, Officer or employee may incur or become liable to, by reason of any contract entered into or act or deed done by him or in any other way in the discharge of his duties as such Managing, Technical, Executive, or whole-time Directors, Director, Secretary, Auditor, Officer or employee.

(b) Subject as aforesaid the Managing, Technical, Executive or whole-time Directors and every Director, Manager, Secretary or other officer or employee of the Company shall be indemnified against any liability incurred by them or him in defending any proceedings whether civil or criminal in which judgement is given in their or his favour or in which they or he is connected with any application under Section 633 of the Act in which relief is given to them or him by the Court."

Secrecy

Article 98 provides that

"(a) No Member shall be entitled to visit or inspect the Company's work without the permission of the Directors or an officer authorized by the Board or Managing Director, or to require discovery of, or any information respecting, any detail of the Company's business or any matter which is or may be in the nature of a business secret, mystery of trade or secret process, or which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to communicate to public.

(b) Every Director, Managing, Technical, Whole-time, Executive Director, Manager, Secretary, Auditor, Trustee, member of a Committee, Officer, Agent, Accountant, Employee or other person employed in the Business of the Company shall if so required by the Board before entering upon his duties, or at any time during his term of office, sign a declaration pledging himself to strict secrecy respecting all transactions of the Company; all technical information possessed by the Company, and the state of accounts and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties, except when required so to do by the Board or by any general meeting or by a Court of Law or by the persons to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions contained in these Articles."

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our from our Company between 10.00 am to 4.00 pm on working days from the date of this Draft Red Herring Prospectus until the Bid/ Issue Closing Date.

Material Contracts to the Company

1. Resolution of the Remuneration Committee dated May 15, 2007 and General meeting dated September 1, 2007 in relation to the remuneration payable to our Deputy Managing Director and Appointment letter dated May 6, 2006

2. Resolution dated July 22, 2006 in relation to the remuneration payable to our Joint Managing Director and Appointment letter dated June 15, 2006.

3. Memorandum of Understanding dated November 9, 2004 with the Dubai Metal and Commodities Centre and FTIL for setting up a company with limited liability.

4. Memorandum of Understanding dated June 9, 2005 with the DMCC and FTIL for the transfer of know how for the operation of DGCX in relation to membership rules and guidelines, trading, clearing and settlement procedures, business rules, regulations and bye-laws.

5. Memorandum of Understanding dated November 29, 2004 with the NAFED to create a platform which would establish a parallel electronic market for spot trading in agricultural commodities.

6. Software Development Agreement with FTIL dated February 27, 2003 for supply of customized software to be used for integrated online trading, clearing and settlement system.

7. Software Development Agreement with FTIL dated December 23, 2003 for supply of customized software to be used for integrated online trading, clearing and settlement system

8. Agreement for IT infrastructure and software services with effect from October 1, 2005 with FTIL.

9. Software Development Agreement with FTIL dated October 1, 2005 for supply of computer software (i.e. risk management system and standard portfolio analysis of risk) and related services

10. Services Agreement with FTIL dated June 21, 2006 and supplementary agreement dated April 2, 2007 and October 31, 2007 with FTIL for software relating to support and maintenance services to our members for accessing the platform for trading purpose.

11. Software development agreement with FTIL on October 3, 2006 to provide customized software in respect of data warehousing applications

12. Software development agreement with FTIL on October 3, 2006 to provide customized software to enable trading by banks, foreign institutional investors and mutual funds on our electronic trading platform.

13. Managed Services agreement dated September 27, 2007 with FTIL with respect to provision of IT support services for Trading and Clearing Operations, Office Systems Management and Common Services

14. Share Subscription Agreement dated June 27, 2005 amongst the Company, FTIL and Bennett, Coleman and Company Limited.

15. Agreement with FTIL on March 12, 2007 to develop software to enable multi-lingual support.

16. Share Purchase Agreement dated September 27, 2007 with Merrill Lynch Holding (Mauritius) and FTIL and the Company.

17. Share Purchase Agreement dated September 20, 2007 with Citigroup Strategic Holdings Mauritius Limited, FTIL and the Company.

18. Share Purchase Agreement dated November 7, 2007 with New Vernon Private Equity Limited, FTIL and the Company.

19. Share Purchase Agreement with New Vernon Private Equity Limited on November 7, 2007 to purchase 100 class "B" ordinary shares of Dubai Gold and Commodities Exchange.

20. Share Purchase Agreement with Passport Indian investments (Mauritius) Limited on September 21, 2007 to purchase 200 class "B" ordinary shares of Dubai Gold and Commodities Exchange.

21. Share Purchase Agreement with Alexandra Global Master Fund Limited on November 29, 2007 to purchase 200 class "B" ordinary shares of Dubai Gold and Commodities Exchange

22. Share Purchase Agreement dated November 11, 2007 with ICICI Trusteeship Limited, FTIL and the Company.

23. Share Purchase Agreement dated November 15, 2007 with ICICI Lombard General Insurance Limited, FTIL and the Company.

24. Tripartite share purchase agreement with Alexandra Mauritius Limited, FTIL and our Company on November 29, 2007.

25. Share Purchase Agreement with IL&FS Trust Company Limited (SCB Asian Infrastructure Fund) ("IL&FS") and our Company on November 12, 2007.

26. Tripartite Agreement with FTIL and Indian Energy Exchange Limited (IEX) on July 17, 2007 whereby FTIL will provide IEX licensed software relating to market place technology deployment including application software, application deployment, application maintenance, training and documentation and market functional deliverables.

27. Agreement with NBHC on March 12, 2007, which has further been amended vide agreement dated October 19, 2007, whereby NBHC has agreed to set up or hire and provide warehouses and related infrastructure.

28. Agreement with MCX and FTKMC dated February 5, 2008.

Material Contracts to the Issue

1. Engagement Letter dated December 18, 2007 for appointment of the BRLMs.

2. Memorandum of Understanding amongst our Company, the Selling Shareholders, and the BRLMs dated February 15, 2008.

3. Memorandum of Understanding executed by our Company, the Selling Shareholders and the

Registrar to the Issue dated December 14, 2007.

4. Escrow Agreement dated [•] among the Company, the Selling Shareholders, the BRLMs, Escrow Collection Bank(s) and the Registrar to the Issue.

5. Syndicate Agreement dated [•] among the Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

6. Underwriting Agreement dated [•] among the Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

Material Documents

7. Certified true copies of the Memorandum and Articles of Association of the Company as amended from time to time.

8. Shareholders' resolution dated September 1, 2007 in relation to this Issue and other related matters. Resolution dated October 31, 2007 and October 3, 2007, respectively by the board of directors of FTIL and Corporation Bank authorizing the Offer for Sale.

9. Resolutions of the Board of Directors of the Company dated September 24, 2005 in relation to this Issue and other related matters.

10. Reports of the statutory Auditors dated February 13, 2008, prepared as per Indian GAAP and mentioned in this Draft Red Herring Prospectus, and consents of the Auditors for inclusion of their report on accounts in the form and context in which they appear in this Draft Red Herring Prospectus.

11. General Power of Attorney executed by the Directors of our Company favour of Person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.

12. Consents of BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker to the Issue, Bankers to the Company, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel, Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

13. Initial listing applications dated [•] and [•] filed with NSE and BSE.

14. In-principle listing approvals dated [•] and [•] from NSE and BSE, respectively.

15. Tripartite agreement between NSDL, our Company and the Registrar to the Issue dated December 13, 2007.

16. Tripartite agreement between CDSL, our Company and the Registrar to the Issue dated November 28, 2007.

17. Due diligence certificate dated [●] to SEBI from [●].

18. SEBI observation letter no. [•] dated [•] and our reply to the same dated [•].

19. IPO Grading report dated [·] by [·].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

DECLARATION

We, the Directors of the Company, hereby declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government or the guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL DIRECTORS

1. Venkat R. Chary (Non Executive Independent Chairman)
2. Jignesh P. Shah (Managing Director)
3. Lambertus (Lamon) Rutten (Joint Managing Director)
4. Joseph Massey (Deputy Managing Director);
5. V. Hariharan (Non Executive Director)
6. Dr. S. Narayan (Non Executive Independent Director)
7. Bharat Tripathi (Non Executive Independent Director – FMC Nominee)
8. Dr. Urjit R. Patel (Non Executive Director)
9. P G Kakodkar (Non Executive Director)
10. C.M. Maniar (Non Executive Independent Director)
11. Shevtal S. Vakil (Non Executive Independent Director)
12. Ashish S. Dalal (Non Executive Director)
13. C. Subramaniam (Non Executive Director) and
14. R. Balakrishnan (Non Executive Independent Director – NABARD Nominee)
15. Dr. Prakash Apte (Non Executive Independent Director – FMC Nominee)
16. Mrs. Asha Das IAS (retd) (Non Executive Independent Director – FMC Nominee).
17. Dr. Ajit Ranade (Non Executive Independent Director – FMC Nominee)
18. Mr. Anup Banerji ((Non Executive Independent Director – SBI Nominee)

SIGNED BY

MANAGING DIRECTOR

CHIEF FINANCIAL OFFICER

SIGNED ON BEHALF OF FINANCIAL TECHNOLOGIES (INDIA) LIMITED (BY THE DULY CONSTITUTED POWER OF ATTORNEY HOLDER)

SIGNED ON BEHALF OF CORPORATION BANK (BY THE DULY CONSTITUTED POWER OF ATTORNEY HOLDER)

Date: FEBRUARY 18, 2008

Place: Mumbai