MCX files papers for IPO; to list on BSE initially

Financial Technologies to bring down its stake to 26%

Our Bureau
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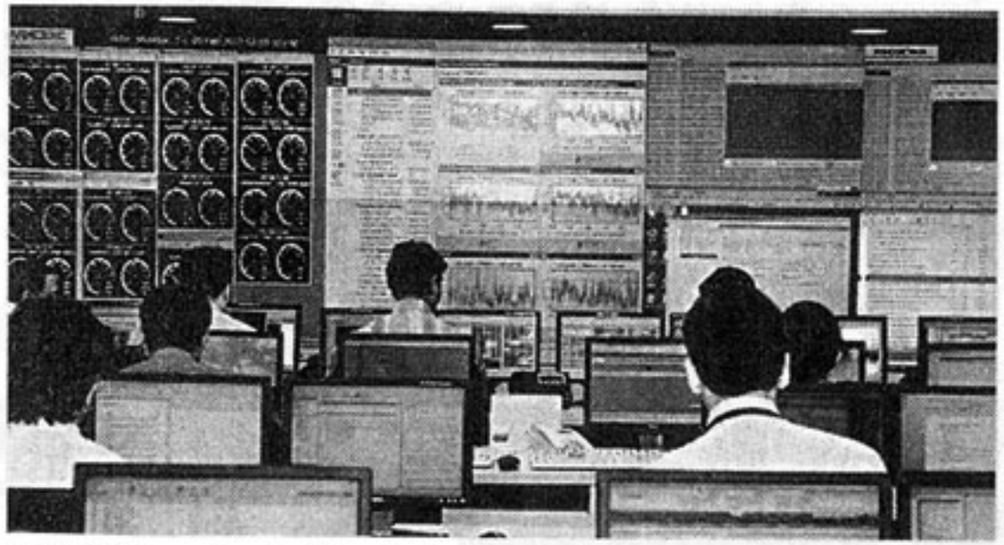
Multi Commodity Exchange (MCX) has filed its draft red herring prospectus (DRHP) with SEBI for the third time to tap the capital market with an initial public offering of 64,27,378 shares. The issue will initially be listed on the BSE and later on NSE, which holds 2.45 per cent stake in MCX.

Six institutions will cumulatively offer 12.60 per cent stake for sale through the IPO. Financial Technologies will reduce its stake by 5.18 per cent to 26 per cent, SBI 4.14 per cent to 1.04 per cent, Corporation Bank by 0.48 per cent to three per cent, GLG Financials 1.53 per cent to 0.38 per cent, Bank of Baroda 0.21 per cent to 0.82 per cent, Alexandra Mauritius 0.77 per cent to 0.19 per cent and ICICI Lombard 0.29 per cent to 0.07 per cent.



MCX-SX centre in Mumbai (file photo). — Paul Noronha

On the deadline for launching the issue, Mr Venkat Chary, Chairman, MCX, said "We will launch the issue as soon as we receive SEBI approval and hope it will come soon. After obtaining clearance we have to launch the IPO within a year, but will not wait for so long."

Financial Technologies has to bring down its stake to 25 per cent from 31 per cent before September to meet the regulatory guidelines. The exchange had twice in 2006 and 2008 had got permission from SEBI for launching an IPO but had to abstain due to unfavourable market condition.

Mr Lambertus Rutten, Managing Director and CEO, MCX, said the exchange is executing the listing not for raising funds but to bring in the highest level of corporate governance besides shareholder and public scrutiny.

EXCHANGE OMBUDSMAN

"Since exchanges have a cap on shareholding percentage and are widely held, listing is of paramount importance for enhanced shareholder scrutiny, accountability of management and corporate governance at part with best exchanges in the world," he added.

As part of its process to bring in transparency, MCX plans to appoint an 'exchange ombudsman' with former judge of the Bombay High Court, Mr Justice Kamdar. The exchange will adopt continuity of management by ensuring that no MD and CEO can continue beyond two terms, said Mr Rutten.

For the financial year 2009-10, MCX has reported 40 per cent jump in net profit at Rs 221 crore (Rs 158 crore). Total income was Rs 494 crore (Rs 366 crore), a rise of 35 per cent.