

ICEX plans re-launch in June

Rights issue fully subscribed, valuing it at ₹250 crore

BS REPORTER

Mumbai, 11 April

Reliance Capital-anchored Indian Commodity Exchange (ICEX) on Monday announced it plans to re-launch the exchange in two months, following the successful completion of its rights issue, which was fully subscribed by stakeholders.

The exchange was contemplating a rights issue for long and it was supposed to increase its net worth to meet regulatory criteria. "The board of directors of ICEX, in a meeting held in Mumbai on Monday, took on record that the

ICEX rights issue has been fully subscribed at 100 per cent premium to face value, valuing the exchange at ₹250 crore," the exchange said.

The exchange would start its operations in June, subject to regulatory approvals. The initial focus of ICEX will be non-agri products — such

as precious metals and crude — and offerings will be expanded to other commodities in due course.

The exchange discontinued operations in 2014 as the commodity transaction tax, imposed in July 2013, had badly impacted its volumes. According to regulations, if a commodity exchange's operations remain suspended for 12 months, the regulator can

issue a show-cause notice and cancel its licence. Earlier, commodity regulator Forward Markets Commission had sent ICEX such a notice.

"We are thankful to the promoters and other investors for fully subscribing to ICEX's maiden rights issue and providing the required capital to re-launch the exchange. This subscription is a testimony of promoters' faith in the future and immense growth prospect of the commodities exchange business in India"

said Ashok Sinha, chairman (designate), ICEX.

The exchange has a strong base of diverse shareholders — including MMTC, Indian Potash, Kribhco, and IDFC Bank — with Reliance Capital, a part of Anil Ambani-led Reliance Group, being the largest shareholder. MMTC had recently reduced its stake from 26 per cent to 15 per cent, to meet regulatory requirements.

ICEX has a strong team, technology platform, risk processes and infrastructure in place. It will now be seeking necessary regulatory approvals for re-launching the Exchange by June.

"We will endeavour to discover prices on our platform that will be used as reference prices globally. ICEX will focus on providing commodity value chain participants with neutral, secure and transparent trade mechanisms and help them in formulating quality parameters and trade regulations, in conformity with the regulatory framework," said Sinha.