

[illegible]

The image features a blue background with a word cloud of various commodities such as Gold, Silver, Copper, Wheat, Sugar, and Cotton. A curved banner across the middle displays a list of commodity prices, including Gold 3026.30, Silver 5354.50, Platinum 2775, Copper 503.60, Zinc 138.65, Lead 146.30, Nickel, Gold 30100, Silver 52831, Platinum 2798, Copper 446.50, Steel 46780, Castor 778.80, Maize 12190, Paddy 2890, Sugar 3185, Cotton 31500, Chana 4616, Cardamom 1190, Soybean 35000, and Black Pepper 30000. The National Spot Exchange logo is positioned in the bottom right corner, with the tagline 'Electronic Spot Market' below it.

OVERVIEW OF NATIONAL SPOT EXCHANGE

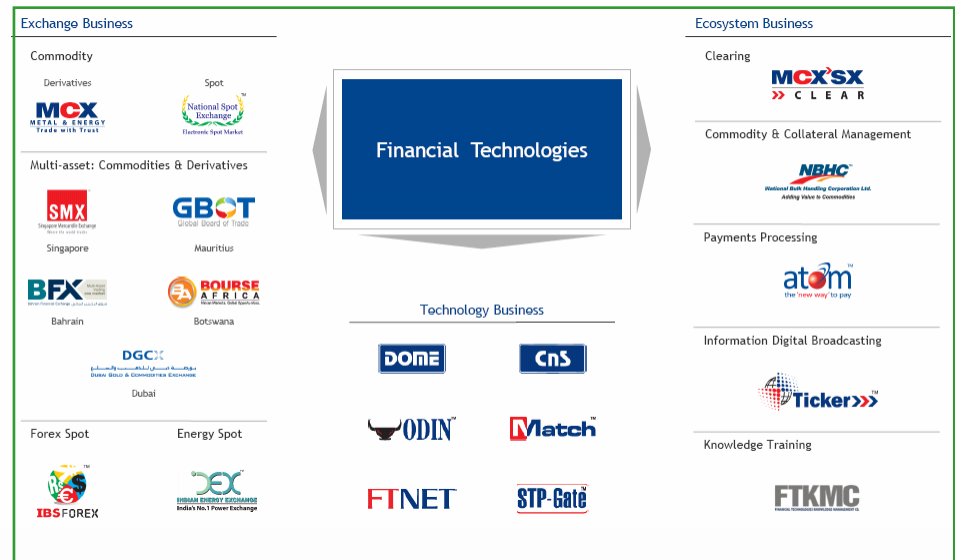
NATIONAL SPOT EXCHANGE - INTRODUCTION

Mission Statement: “To develop a pan India, institutionalized, electronic, transparent Common Indian Market offering compulsory delivery based spot contracts in various agricultural and non agricultural commodities, with a view to reduce the cost of intermediation by improving marketing efficiency and thereby improving producers’ realization coupled with reduction in consumer paid price.”

PROMOTERS



- A National level Electronic Transparent institutionalized spot market.
- A market place where farmers, traders, corporates, processors and importers can sell and buy at the best possible and competitive rates.
- Provides counter party guarantee in respect of all trades.
- Provides services like quality certification, storage of goods and other customized value added services.
- With the launch of NSEL, the canvass of commodity trading is complete – India has both spot and futures market available on electronic platform with national reach.



NSEL'S KEY STAKEHOLDERS

- **Farmers/Producers:** Small and marginal farmers, get a better price for their produce.
- **Commodity Traders/APMC Traders:** elimination of credit risk, access to bank finance through NSEL against pledge of warehouse receipts
- **Corporates/Food processors:** Hassle free procurement of farm produce, quality guaranteed by the Exchange, reduces cost of procurement, freedom from counter party defaults; ITC, United Breweries, Jayant Agro, N K Proteins etc.
- **Government Companies:** MMTC, PEC, NAFED, HAFED, FCI, Cotton Corporation of India;
- **Exporters & Importers:** Exporters use NSEL platform for procurement; importers to sell. Efficient price discovery and elimination of credit risk.
- **Government:** NSEL conducts Minimum Support Price Operation (MSP) OPERATION ON BEHALF OF Government agencies.
- **Commodity Retailers:** Corporates engaged in retail stores use this platform for sourcing various farm produce.
- **Banks:** Warehouse receipt financing against pledge of WR issued by NSEL, disposal of commodities through NSEL in case borrowers' default

NATIONAL SPOT EXCHANGE: FEATURES

- **Rule based Trading:** It implies a set of trading rules binding on the market players, which means that traders/farmers know the rules/conditions of trade in advance.
- **Centralized Trading Platform:** NSEL provides the platform on which numerous buyers and sellers interface with one another to carry out transactions.
- **Counter party guarantee:** All trades are subject to margin/security payable in advance. NSEL monitors the positions based on automated risk management system. Based on this, NSEL provides counter party guarantee.
- **Remote Market Access:** Neither buyer nor seller needs to be present at one location. The electronic mechanism can manage communication among large number of market participants simultaneously.
- **Quality Specification:** Trades are executed based on well defined quality parameters
- **Pan India participation:** Facilitates buyers and sellers from across the country to transact with each other

NATIONAL SPOT EXCHANGE: SERVICES

- **Direct marketing** of commodities with less intermediaries electronically.
- **Quality Certification** of the commodity before marketing.
- **Customized trade service**
 - Customized Procurement
 - Facilitation of LC for import of commodities
- **Warehousing facilities**
- **Facilitate institutional credit** by issuing Negotiable Warehouse Receipts (NWR) for their produce stored at Exchange designated warehouse.
- **Dissemination of market information** for improved decision making.

DEVELOPMENT OF ELECTRONIC MARKET IN INDIA : NSEL

- **Electronic market for farm produce** - Farmers Contract & Traders contract
- **Electronic Market for Non Agri Commodities** - Bullion and other metals
- **Electronic Auction Platform** - Government companies, PSUs, Farmers co operatives as well as corporates
- **e-Series Products** - Retail investors for Investment purpose
- **Storage and warehouse receipt finance**

NSEL SNAPSHOT

- Total number of Members: **803**
- Total Trading Terminals: **32437 (approx.)**
- Total client codes: **1,39,800**
- Number of States in which operational: **16**
- Total number of Delivery location: **185+**

INCORPORATION 2005

Business	2008
Promoters	Financial Technology & NAFED
Paid Up Capital	Rs. 45 Cr.
Net Worth	Rs. 150 Cr. (as on 28 th Feb 13)



CONTRACT TYPE NUMBER

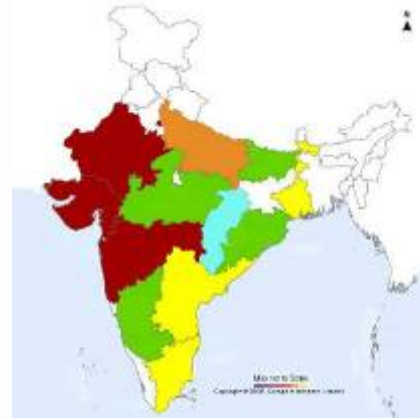
Spot	592
Forward Auction	59
Reverse Auction	2

TOTAL VOLUME OF TURNOVER (Rs. Crores)

2009-10	Rs. 2,559
2010-11	Rs. 17,059
2011-12	Rs. 268,990
2012-13	Rs. 286453
Avg of 4 yrs	Rs. 143,765

AREA OF OPERATIONS AND PRODUCT OFFERING AT NATIONAL SPOT EXCHANGE

1. Gujarat
2. Rajasthan
3. Maharashtra
4. Karnataka
5. Tamil Nadu
6. Andhra Pradesh
7. Madhya Pradesh
8. Orissa
9. West Bengal
10. Bihar
11. Delhi
12. Chhattisgarh
13. Haryana
14. Kerala
15. UP
16. Punjab



PARTICULARS	LOCATION
Warehousing Facility (709660 MT)	Maharashtra, Gujarat, Andhra Pradesh, Punjab, Haryana, Delhi, Bihar, Uttar Pradesh, Kerala, Madhya Pradesh, Tamil Nadu, West Bengal.
Testing Laboratory	Maharashtra, Gujarat, Andhra Pradesh, Punjab, Haryana, Bihar, Kerala, Delhi, Odisha, Madhya Pradesh.
Any Other Infrastructure	Offices Located at Maharashtra, Gujarat, Andhra Pradesh, Punjab, Haryana, Rajasthan, Bihar, Odisha, Karnataka, Tamil Nadu, Kerala, Madhya Pradesh, Delhi, Uttar Pradesh and West Bengal
Software/Applications	NEST: Trading software NSEL-e-Auction: Auction trading software E-WDMS: Software for warehouse management

NSEL REGULATORY SET UP

THE GAZETTE NOTIFICATION

रजिस्ट्री सं० डी० एल०-33004/99 REGD.NO.D.L.-33004/99

भारत का राजपत्र
The Gazette of India
 असाधारण
 EXTRAORDINARY
 भाग II—खण्ड 3—उप-खण्ड (ii)
 PART II—Section 3—Sub-section (ii)
 प्राधिकार से प्रकाशित
 PUBLISHED BY AUTHORITY

सं. 676] नई दिल्ली, सोमवार, जून 5, 2007/च्युट 15, 1929
 No. 676] NEW DELHI, TUESDAY, JUNE 5, 2007/JYAISTHA 15, 1929

उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्रालय
 (उपभोक्ता मामले विभाग)
 अधिसूचना
 नई दिल्ली, 5 जून, 2007

क्रा.आ. 906(अ).—कोन्द सरकार, अधिनियम (विनियमन) अधिनियम, 1952 (1952 का 74) की धारा 27 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए राष्ट्रीय नेशनल स्पॉट एक्सचेंज लि., में व्यापारित वस्तुओं की धिक्की और खरीद के लिए एक दिन की अवधि की सभी अधिनियमों को उक्त अधिनियम के उपबंधों के प्रचालन से निम्नलिखित शर्तों के अधीन छूट देती है; अर्थात् :—

- (i) एक्सचेंज के सदस्यों को कम बिक्री की अनुमति नहीं दी जाएगी;
- (ii) चिन की सम्पत्ति पर व्यापार की सभी बकाया योजनाओं की डिलिवरी कर दी जाएगी;
- (iii) नेशनल स्पॉट एक्सचेंज लि. स्पॉट व्यापार आयोजित करेगा जो उन क्षेत्रों जहाँ ऐसा व्यापार हो रहा है, में स्पॉट व्यापार को विनियमित कर रहे प्राधिकारियों द्वारा विनियमन के अधीन होगा;
- (iv) व्यापार से संबंधित सभी सूचना अथवा विवरणों को जब भी मांगा जाएगा, उन्हें केन्द्रीय सरकार अथवा इसकी नामित एजेंसी को मुहैया कराया जाएगा;
- (v) केन्द्रीय सरकार को समय-समय पर जब जरूरी समझे अतिरिक्त शर्तें लगाने का अधिकार होगा;
- (vi) किसी तात्कालिक आवश्यकता के मामले में छूट को बिना कोई कारण बताए सार्वजनिक हित में वापस ले लिया जाएगा।

[फा. सं. 12/3/2003—आई टी (चर्ट)]
 पॉल जोसेफ, चरित आर्थिक सलाहकार

2672 GI/2007 (1)

2 THE GAZETTE OF INDIA: EXTRAORDINARY [PART II—Sec. 3(ii)]
 MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
 (Department of Consumer Affairs)
 NOTIFICATION
 New Delhi, the 5th June, 2007

S.O. 906(E).—In exercise of the powers conferred by Section 27 of the Forward Contracts (Regulation) Act, 1952 (74 of 1952), the Central Government hereby exempts all forward contracts of one day duration for the sale and purchase of commodities traded on the National Spot Exchange Ltd., from operation of the provisions of the said Act subject to the following conditions, namely :—

- (i) no short sale by members of the Exchange shall be allowed;
- (ii) all outstanding positions of the trade at the end of the day shall result in delivery;
- (iii) the National Spot Exchange Ltd. shall organize spot trading subject to regulation by the authorities regulating spot trade in the areas where such trading takes place;
- (iv) all information or returns relating to the trade as and when asked for shall be provided to the Central Government or its designated agency;
- (v) the Central Government reserves the right to impose additional conditions from time to time as it may deem necessary; and
- (vi) in case of exigencies, the exemption will be withdrawn without assigning any reason in public interest.

[F.No. 12/3/2003-IT(Pt.)]
 PAUL JOSEPH, Senior Economic Adviser

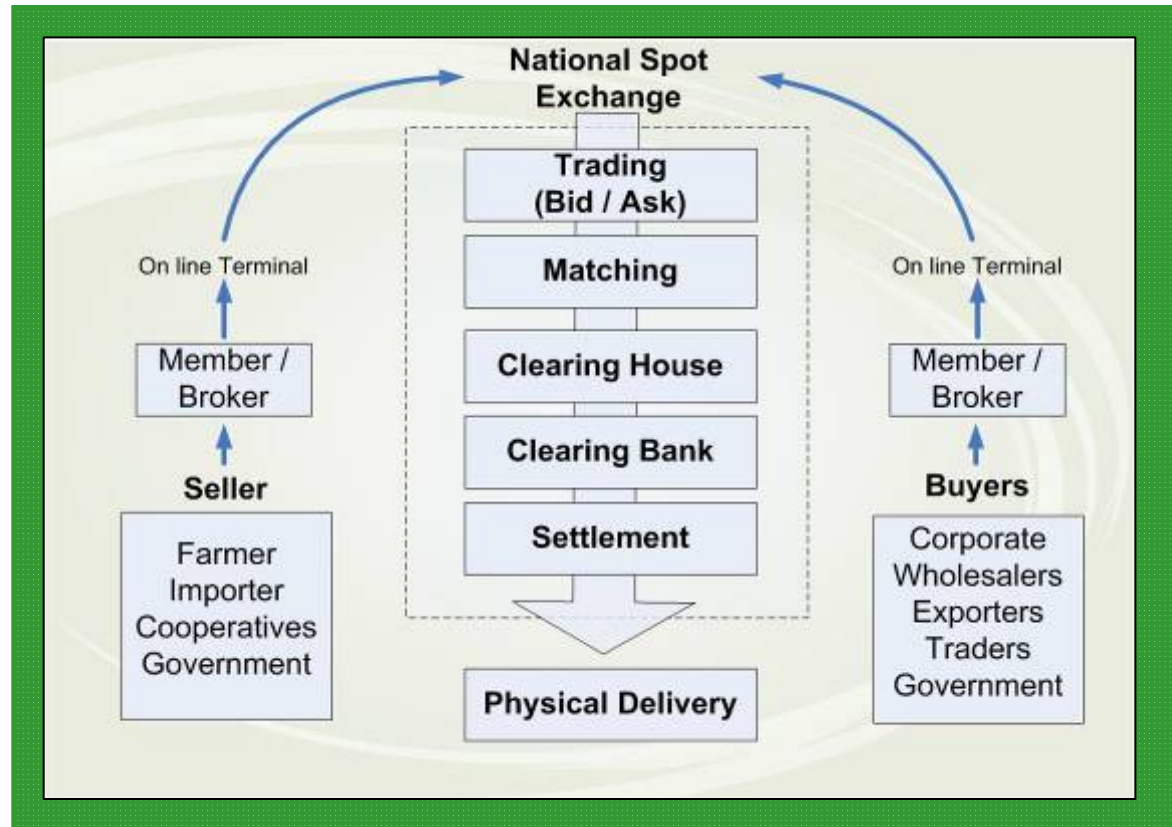
Quote:” the Central Government hereby exempts all forward contracts of one day duration for the sale and purchase of commodities traded on the National Spot Exchange Ltd. from operation of the provisions of the said Act.....”

GENERAL REGULATORY SETUP

- Government of India through its Gazette Notification exempted all forward contracts of one day duration for the sale and purchase of commodities traded on the National Spot exchange Ltd under Section 27 of the Forward Contracts (Regulation) Act, 1952.
- The activities of the Exchange cover the wide domain of regulation. Depending upon the nature and form of transactions, the spot exchange is mainly regulated by three different regulators i.e.
 - **State Agriculture Marketing Board (SAMB)** - regulates the transaction involving farmers' sells of agricultural commodities on electronic platforms.
 - **Forward Market Commission (FMC)** - FMC regulates all the trade where netting of intraday transaction in the commodities contract is allowed by the Exchange
 - **Warehouse Development Regulatory Authority (WRDA)** - covers the aspect of negotiability of warehouse receipt thus trading of warehouse receipt of commodities in all the notified commodities.

NATIONAL SPOT EXCHANGE: TRADING MECHANISM

- All contracts with single day duration.
- All positions outstanding at end of day result into compulsory delivery.
- Fully automated screen-based trading system with national reach.
- An order driven trading system.
- Transparent and Fair system for automatic order matching.
- Identity of the participants undisclosed.
- Flexibility for placing orders.



NATIONAL SPOT EXCHANGE: COMMODITY CONTRACT

- **Farmer's Contract:** Only farmer is seller, smaller trading unit, price quotation without APMC cess
Market hours: 10 am to 4 pm on Weekdays
Market hours (Kapas): 10 am to 8 pm on Weekdays
- **Traders' Contract:** APMC cess paid commodity, large trading unit, any body can be buyer or seller
Market hours: 10 am to 6/11.30 pm (Agri/Non Agri) on Weekdays
10 am to 2 pm on Saturdays
- **e-Series Contract:** Investment product for the retail investors. The commodity units bought is to be hold in demat account.
Market Hours: 10.30 am to 11.30 pm on weekdays
- **Auction Contract:** In the auction contract, the trading is done for the specific commodity related to certain brand and bidding open for only few hours. The auction market structure for one to many or many to one.
Market Hours: Flexible marketing hours as decided by the Exchange and the participants

CLEARING AND SETTLEMENT PROCEDURE

- The Exchange has specified the processes, procedures, and operations for every Clearing member.
- Each member is required to open their clearing and settlement account with Exchange appointed clearing banks.
- The Exchange has appointed nine Clearing Banks viz. Axis Bank, Bank of India, HDFC Bank, IndusInd Bank, ICICI Bank, Kotak Mahindra Bank, State bank of India, Union Bank of India, and Yes Bank for transfer of funds between clearing members and the Exchange.
- Every Member of the Exchange shall have designated bank accounts with any of such branches of the designated Clearing Bank, which has electronic funds transfer facility.
- Members shall operate the Settlement account only for the purpose of settlement of deals entered through the Exchange for the payment of margin money and for any other purpose as may be specified by the Exchange.

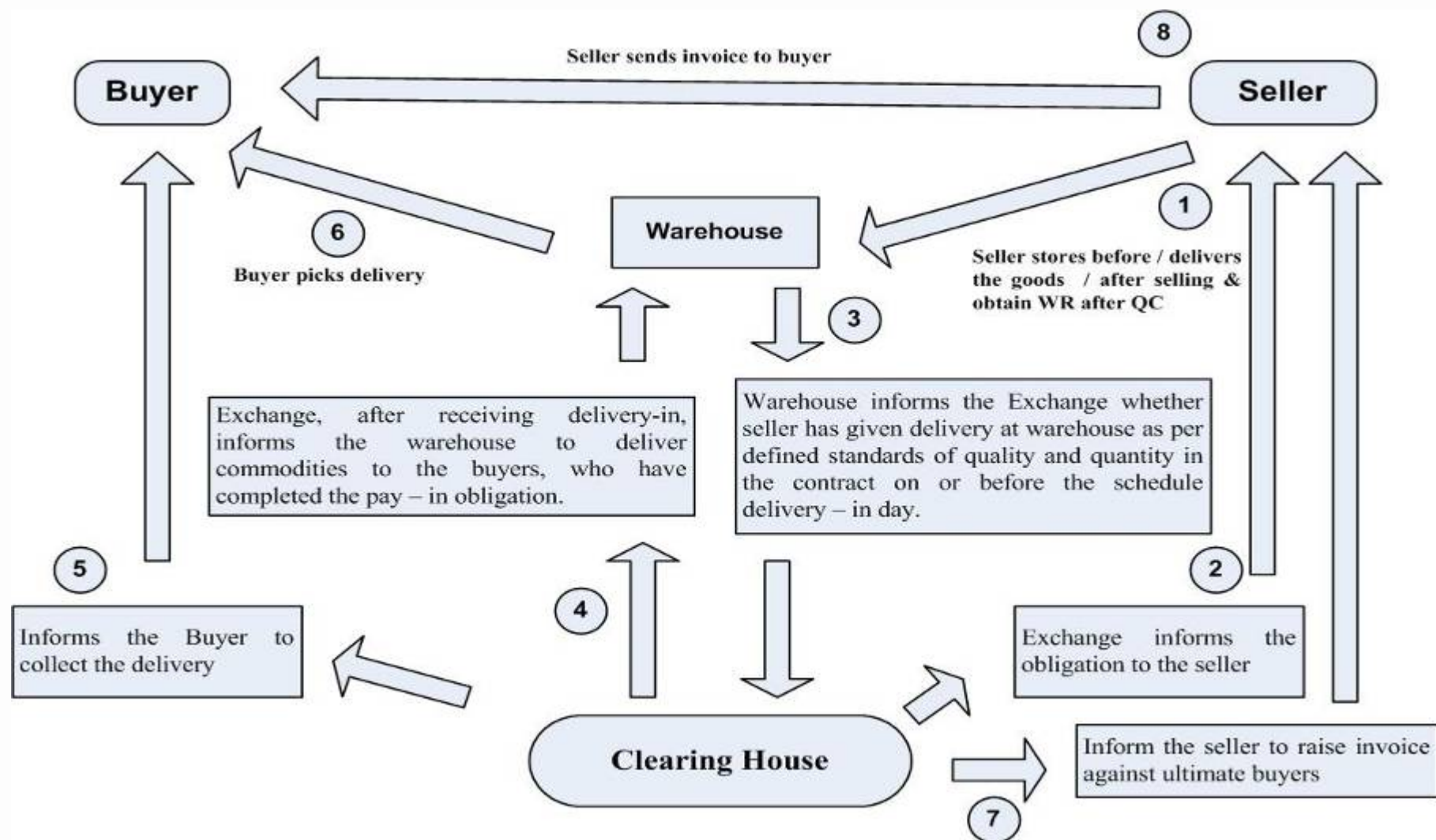
DELIVERY PROCEDURE AT NSEL WAREHOUSE

- The sellers desirous to sell/buy through NSEL have to compulsorily deliver the commodity in the NSEL designated warehouse of a particular location specified in the Exchange circular. For example, Ex-Kadi castor seed contract has delivery centre in Kadi.
- The quality of the commodities brought for the trading purpose should be as per the quality specification laid down by the Exchange.
- Before deposit, goods have to be compulsorily weighed at the designated weigh bridge/weigh scale and will be monitored and certified by the warehouse supervisor.

ISSUE OF QC, CID AND WR

- On receipt of commodity at the Exchange warehouse, random sampling is done during the unloading from the stock for quality certification.
- This is done by Exchange approved quality assayers. After the quality testing the Quality Certificate (QC) is issued by quality certifying agency to the depositor.
- At the same time Commodity Inward Document (CID) will be issued by the depositor for depositing the commodity in the Exchange warehouse.
- Both QC and CID are issued on the date of deposition of the commodity in the Exchange warehouse.
- On the next day the Exchange warehouse issued the warehouse receipt (WR) to the depositor.

DELIVERY MECHANISM AT ELECTRONIC SPOT MARKET



SIGNIFICANCE OF SPOT EXCHANGE FOR TRADERS

- Access to a bigger and liquid market, where they can sell huge quantity.
- Elimination of counter party risk, credit risk, rejection at buyer's go-down at the time of delivery. Once they sell on NSEL and deliver in NSEL warehouse, they are free from all post trade risks.
- Since large number of investors from all across the country are available at NSEL platform, they can realize better price for their product.
- Access to bank finance against warehouse receipts.
- They can expand their activities to multiple commodities, because of operational ease, availability of finance and absence of counter party risk under NSEL system.

SIGNIFICANCE OF SPOT EXCHANGE FOR EXPORTERS

- Exporters can buy certified quality material through a secured platform.
- Hassles relating to procurement of material in physical market is completely avoided.
- Exporters can save brokerage or commission payable to procurement agents.
- Looking at the price available at NSEL, they can make export commitment and cover themselves immediately by buying at NSEL.

SIGNIFICANCE OF SPOT EXCHANGE FOR IMPORTERS

- Elimination of counter party risk, credit risk, rejection at buyer's go-down at the time of delivery. Once they sell on NSEL platform and deliver in NSEL warehouse, they are free from all post trade risks.
- Based on import consignment, they can sell forward NTSD contracts on NSEL.
- Reduction in brokerage or commission.
- Looking at the price available at NSEL, they can import and cover themselves immediately by selling at NSEL.

SIGNIFICANCE OF SPOT EXCHANGE FOR END USERS

- End Users can buy directly at competitive price
- Operational comfort. Instead of contacting various suppliers or brokers, they can see the best prices on the system or they can submit their own buy prices too.
- NSEL functions as a single window system for procurement of various materials.

GOVERNMENT AGENCIES UTILIZING NSEL PLATFORM FOR SALE OF COMMODITIES



INVESTMENT PRODUCTS IN COMMODITIES

- Buy, sell, hold, accumulate, convert into physical, whenever required at multiple locations with zero storage cost
- It promotes savings and investment, leads to capital formation, preservation and appreciation.

e-Series products

e-Gold & e-Platinum: 1 gram
e- Silver : 100 grams
e-Copper, e-Zinc, e-Lead & e-Nickel: 1 Kg

- NSDL and CDSL act as the Depository for holding such commodity in the electronic form. While the commodity in physical form is kept in the designated vault/storage/warehouse

E-SERIES: INVESTMENT PRODUCTS IN COMMODITIES

- Enables investors to buy and sell precious metals like Gold, Silver, Platinum etc. in small denomination.
- Enables them to hold it in demat form as long as they wish.
- Investors can sell it back whenever they want or convert the same in physical.
- This is the best product for investing in Gold, Silver etc. in paper form, as there is no storage or holding cost.
- Rao committee constituted by RBI has appreciated the features of this product in their report.

E-SERIES PRODUCTS ARE ETHICAL INSTRUMENTS ON FIRING TO THE PRINCIPLES OF ISLAMIC INVESTMENT & SHARIAH COMPLIANCE



TAQWAA ADVISORY AND SHARIAH INVESTMENT SOLUTIONS (P) LTD
Corporate Office: 5, Nataiwala Building, 110, S.V.S. Road, Mahim, Mumbai - 400 016.
Tel: 91-22-24454610 | Email: info@tasis.in | Website: www.tasis.in

Shariah Certificate

REGARDING SHARIAH COMPLIANCE OF TRADING IN E-GOLD, E-SILVER AND E-COPPER ON NATIONAL SPOT EXCHANGE LIMITED

Pursuant to agreement dated 30th OCTOBER 2010, between National Spot Exchange Limited (henceforth NSEL) and Taqwaa Advisory and Shariah Investment Solutions (P) Ltd. (henceforth TASIS), relating to shariah certification and ongoing monitoring of products, E-gold, E-silver and E-copper that NSEL is offering its potential clients, TASIS has studied NSEL's system of operation and regulation of its relationship with its members as well as that between its members and their clients and has scrutinized the relevant documents relating to the same, and specifically NSEL's circulars Nos.

- NSEL/TRD/2010/041 dated March 11, 2010,
- NSEL/TRD/2010/067 dated April 19, 2010,
- NSEL/TRD/2010/177 dated November 9, 2010

pertaining to the commencement of Spot Trading in units of E-gold, E-silver and E-copper respectively,

its circular No. NSEL/MEM/2008/016 October 14, 2008 pertaining to "Know Your Client" procedure for dealing with clients, including Annexures I, II and III thereto relating to formats for

- Registration Form for Individual Client,
- Registration Form for Non-Individual Client, and
- Member-Client Agreement,

Page 1 of 2

MUFTI KHALID SAIFULLAH REHMANI
DIRECTOR AL - MAHAD UL AALI AL ISLAMI
HYDERABAD - INDIA



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prescribed format of Contract Note issued by Member acting for Client as Agent (including therein Terms and Conditions relating to the Transactions executed on the Trading System of National Spot Exchange Limited and forming part of the Contract Note), and prescribed format of Membership Application Form for seeking Trading-cum-Clearing Membership of NSEL (including therein Terms and Conditions governing the relations of Members with the Exchange).

On the basis of the said study and scrutiny, we certify that as of date of this Certificate, persons trading on NSEL whether on their own account as Clients/Members or as Members acting on behalf of Clients, shall be Shariah compliant so long as they adhere to the following:

- 1 They shall not enter into sale transactions for E-gold, E-silver or E-copper units which they have not already bought earlier;
- 2 They shall not at any time consciously enter into transactions for purchase of E-gold, E-silver or E-copper units for which at the point of entering into the transaction they do not have the means and intention to pay; and
- 3 They shall endeavour to ensure that they do not default in payment of storage charges for demat units purchased by them, thereby avoiding the need to pay interest on their defaulted amounts.

In accordance with the above referred agreement between TASIS and NSEL, TASIS shall monitor the operational methodology of NSEL on a quarterly basis and shall advise NSEL in further updates of this Certificate from time to time about the Shariah non-compliance impact, if any, of future changes in NSEL's operational methodology.

For Taqwaa Advisory and Shariah Investments Solutions Pvt. Ltd

Mufti Khalid Saifullah Rahmani

(Shariah Advisor)

MUFTI KHALID SAIFULLAH REHMANI
DIRECTOR AL - MAHAD UL AALI AL ISLAMI
HYDERABAD - INDIA

Regd. Office : Khatau Bldg., 1st Floor, 44 Bank Street, Fort, Mumbai - 400 001. Fax : 91-22-22663021

RBI (KBU RAO COMMITTEE) COMMENTS ON E-GOLD

Para 5.21

.....The National Spot Exchange (NSEL) has initiated Systematic Investment Plan (SIP) e-Series products The product has all the features of Gold Accumulation Plan (GAP) which an investor desires and compare to other asset class.....Within a short span of two years the volume of trade in E-Gold has increased manifold This is larger even compared with the largest gold-ETF in India.

Para 5.29

*..... **The e-gold ----- can be routed through the banking channel. Banks can play an intermediary between the NSEL and investors. On behalf of the customers the banks can place order with the NSEL to buy and maintain the record in the form of a pass book issued to customers by bank. As and when the customers require gold in a standard weight as done by the NSEL, the customer can get it redeemed in physical form from the bank.** Bank intervention will help to prevent the NSEL from opening large numbers of individual accounts. Unlike in other products, banks need not have to hedge for the gold price volatility and also need not have to hold the entire stock of gold. Banks can charge nominal fees. Securing regulatory approval may be easier than other proposals, as banks are not exposed to extra risks such as price or exchange risks.*

SUBSIDIARIES OF NSEL



OUR LINKAGE TO FARMERS

- Farmers contracts: enabling farmers to sell their produce through spot exchange platform
- MSP operation (on behalf of Government agencies)
- Farmer Producer companies

MSP OPERATION

On Behalf of NAFED

COMMODITY	YEAR	QUANTITY	STATES
Cotton	2009	7.06 lac quintals(Rs. 200 crore)	Andhra Pradesh
Cotton	2013	18.02 lac quintals(Rs. 700 crores)	Andhra Pradesh

On Behalf of SFAC (2013)

STATE	COMMODITY	QUANTITY (Qtls)
State	Urad	380.41
Rajasthan	Urad	483.56
	Tur	3.46
Gujarat	Urad	382
Maharashtra	Gram (Chana)	360.79
	Tur	549.58
	Urad	3380.16

Thank You



National Spot Exchange Limited

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