

Press Release

Proposed settlement cycle

Mumbai 4th August'2013:

As per circular issued by the Exchange, the Exchange suspended trading and merged the settlement cycles of all one day forward contracts (other than e-series contracts) on 31st July, 2013. The said action was taken due to certain abrupt structural changes in the market place leading to disruption. This situation was aggravated by the loss of trading interest, due to uncertainties leading to trade in-equilibrium. However, the Exchange is fully committed to ensure proper settlement of all outstanding obligations and to comply with the directions issued by the Government in this regard and to settle all issues as per Rules and Bye laws of the Exchange.

Mr. Anjani Sinha, MD & CEO of the exchange stated that in the interest of arriving at a consensus and satisfactory solution for settlement of dues in accordance with Exchange Rules and Bylaws, he held various meetings with the Members of the Exchange and the buyers/ processors. These meetings were also aimed at ensuring avoidance of any incidence, which may have consequential impact on larger market. He also held meetings with the Forward Markets Commission (FMC).

He expressed confidence over handling large quantum of pay-in /payout obligation at the same time. However, in case of declaration of default by any member, which would lead to a long litigation process, the following options have been proposed and the final decision would be taken after due consultation with all stakeholders.

Option 1:

- A. There are 8 members/ processors, who are willing to pay as per the scheduled due date or even earlier. The total amount pertaining to such 8 members is Rs. 2181 crores.

- B. There are 13 members/ processors, who have offered to pay 5 % of their total dues every week, if the same is agreed upon. Total amount comes to Rs. 3107 crores approximately. Name of such members are as follows:

Sr No	Name of Party
1	Jugger nautes Projects Ltd
2	MSR Food Processing
3	PD Agro Processors Pvt Ltd
4	Shree Radhe Trading Pvt. Ltd
5	Sankhya Investments
6	Spin cot Textiles Pvt Ltd
7	Swatik Overseas Corporation
8	Topworth Steels & Power Pvt Ltd
9	Vimladevi Agrotech Pvt Ltd
10	N K Corporation
11	NCS Sugar
12	METKORE ALLOYS & INDUSTRIES LTD
13	ARK Imports Pvt. Ltd.

- C. There are 3 processors with whom negotiation is still going on. The amount pertaining to these parties comes to Rs. 311 crore.

1	NAMDHARI FOOD INTERNATIONAL PVT LTD
2	NAMDHARI RICE & GENERAL MILLS
3	LOTUS REFINERIES PVT LTD

Option 2:

The exchange is in possession of Post dated cheques (PDC) from various processors amounting to Rs. 4900 crs. against their settlement obligation and balance parties have confirmed payment regularly. While PDCs are a commitment, the payout process may not roll out smoothly in a month's time. Hence, the market participants have proposed Option 1 as a safer alternative.

FMC Officials have also asked for details of Members, Planters and other participants who are not cooperating with the Exchange in resolving the matter related to settlement cycle. The FMC along with other Government agencies would work together to ensure a safe and secure settlement of dues.

For further information, contact,

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