MCX Partners with Northern India Textiles Mills' Association

Mumbai/Ludhiana, April 19, 2018: Multi Commodity Exchange of India Ltd (MCX) entered into an MoU with the Northern India Textiles Mills' Association (NITMA) last evening at an event in Ludhiana to jointly engage in outreach initiatives for educating NITMA's members and other relevant stakeholders on the use and benefits of cotton derivatives.

Cotton constitutes about 59 percent in the raw material basket of the Indian textile industry. The global cotton market has been marked by high price volatility and uncertainties, largely on account of factors beyond the control of any stakeholder group or even government. Anannualized volatility of about 13 percent in cotton prices during 2017-18 is much more than the margins of most textile mills. These exemplify the dire need for them to hedge the price risk in order to protect their bottom lines. Textile millers also have a perceived need to access appropriate cotton prices which have been discovered in a transparent and regulated exchange platform with large and diverse participation.

MCX not only provides a robust and efficient platform for price discovery and risk management in cotton but also undertakes several educational and awareness activities to sensitize stakeholders about the modalities of using the derivatives platform. All the large textile mills in the Northern part of India are associated with NITMA and the combined turnover of its members is approx. Rs. 33,000 crores in Domestic market and 3400 crores of exports. The MoU with NITMA will enable the Exchange to reach out to a large stakeholder group, representing more than 100 members and their stakeholders in the cotton value chain across North India - one of the most prominent cotton growing, processing and textiles regions of the country.

Speaking on the occasion, **Mr. Mrugank Paranjape, MD & CEO, MCX** said "For more than six and half years now, MCX cotton futures has proven to be one of the most useful instruments for price discovery and risk management for multiple stakeholder groups across the cotton value chain, including cotton textile mills. India's Textiles and Clothing (T&C) exports exceeded USD 36 billion in 2016-17, constituting about 14 percent in the overall Indian export basket. The preponderance of cotton as raw material in the textiles industry and continuing high volatility in cotton prices mean that it is imperative for the managers of cotton mills to create appropriate risk management strategies for ensuring business sustenance. In this context, we are happy to partner with the Northern Indian Textiles Mills' Association. Given the long history and prominence of cotton textile industry in North India in terms of production, employment and exports, as also the active presence of NITMA in this region, I am sure we shall be able to effectively propagate and educate our common stakeholders about the benefit they can derive from cotton derivatives."

Mr. Rajiv Garg, President, NITMA said, "We are very happy to partner with MCX, India's leading exchange that provides a deliverable and most liquid cotton futures contract. The MoU with MCX will enable our members to effectively participate in the Exchange's knowledge-sharing initiatives to understand the benefits, techniques and strategies of risk management using derivative contracts. The cotton consumption by our members is approximately 25% of the total cotton produced by India. As such, we appreciate the criticality of risk management not only for the business enterprises of our members but also the textiles sector in North India and country's cotton economy in

general. Towards this end, we shall be able to leverage the MoU to gain relevant knowledge from MCX about participating in the cotton derivatives market and reap the benefits from such participation."

About MCX:

Having commenced operations on November 10, 2003, Multi Commodity Exchange of India Limited (MCX) is India's first listed, national-level, electronic, commodity derivatives exchange. It is also the first exchange to introduce commodity options in India. In the financial year 2017–18, the market share of MCX was 89.58%. MCX offers the benefits of fair price discovery and price risk management to the Indian commodity market ecosystem. Various commodities across segments are traded on the Exchange platform. These include bullion, energy, metals and agri commodities. The exchange has forged strategic alliances with various international exchanges, as well as Indian and international trade associations. For more information about MCX and its products visit www.mcxindia.com.

About NITMA:

Northern India Textile Mills' Association, popularly known as NITMA, is an association of Textile mills located in Northern India and was established in the year 1958. It is registered under Societies Act XX1 of 1860 and is a non-profit body solely engaged in helping promote the interests of Indian Textile Industry not only in the Northern part as the name suggests but also in central and western states of the country. All the large textile mills in the Northern part of India are associated with NITMA and the combined turnover of its members is approx. Rs. 33,000 crores in Domestic market and Rs. 3400 crores of exports. It was formed in 1958 and represents industry for all policy matters and disseminates information apart from conducting conferences, exhibitions, seminars & workshops. NITMA has been in existence for 58 years, with the objective to promote and protect the economic interest in relation to production, sales, trade and commerce of textile and textile manufacturers. NITMA takes up the issues and concerns of its constituent member units effectively with all the wings of the Government both at the Central and State levels. For more information about NITMA visit www.nitma.org

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