MCX Successfully Completes Its First Physical Delivery of Aluminium Futures Contract

Mumbai, April 02, 2019: Multi Commodity Exchange of India Ltd. (MCX), India's largest exchange in the commodity derivatives segment, crossed another milestone with the first-ever delivery of its Aluminium futures contract**. A successful pay-in and pay-out of the contract concluded today for a quantity of 10 MT (2 lots).** The contract was settled with no delivery defaults.

The delivery was given by Indu Corporation Pvt. Ltd., through IIFL Wealth Management ltd, while the buyer was Phoenix Industries Pvt Ltd who worked via Motilal Oswal Financial Services Ltd (MOFSL). The metal, which conforms to MCX's quality parameters i.e. LME approved brand of 99.7% purity ingot, was delivered at the MCX approved warehouse at Bhiwandi, district Thane. The delivery was effected through MCXCCL's Electronic Commodity Receipts Information System, ComRIS.

MCX, on January 3, 2019 launched the first domestically benchmarked, compulsory deliverable aluminium futures contract in the country, sized at 5 MT, for the March 2019 contract onwards. The contract was physically settled at a delivery price based on the polled domestic spot prices. These prices were polled daily and taken from domestic market participants representing different segments in the aluminium value chain.

The MCX deliverable aluminium contract is quoted in rupees, auguring well for absorption of currency risks along with commodity price volatility driven by both international and domestic factors. It is best suited for producers, importers, exporters and consumers alike, to hedge their physical market exposures and stabilise their balance sheets, allowing them to plan their business expansion.

Mr. Mrugank Paranjape, MD & CEO, MCX said, "The successful completion of the first physical delivery of Aluminium through the MCX platform demonstrates the efficiency of delivery mechanism in metals put in place by the exchange and its clearing arm. We hope the facility of seamless delivery through the exchange mechanism will help further integrate the physical and derivatives markets, enabling the emergence of a stronger market-based facility for risk management and price discovery in Indian metals market. The platform and its delivery mechanism also provides a perfect solution for value chain participants to effectively manage their inventory as well as pricing.

Mr. Nimish Kapashi, Director, Indu Corporation Pvt. Ltd. said, "We are glad that the first delivery in Aluminium on MCX happened through us. It was a great value addition to the stakeholders and metals' eco system. The fund pay-out was smooth and we look forward to being associated with the Exchange for future deliveries too. This organised delivery process will help market participants like us to better manage inventories."

Mr. Ramanand Sangai, Director, Phoenix Industries Pvt. Ltd. said, "As a buyer, we are happy that the metal, which is of LME approved brand and purity was delivered through a seamless process as per pre-defined timelines. The robust delivery system will go a long way in building up the confidence of the buyers of the metal from an Exchange platform."

Aluminium is a cost-effective component in the power, manufacturing and automobile industries whose competitiveness is critical to India's manufacturing sector. With India being the fastest-growing economy in the world and 100 smart cities being developed to provide for efficient urbanisation, competitive pricing of the metal and its risk management is a critical need.

About MCX:

Having commenced operations on November 10, 2003, Multi Commodity Exchange of India Limited (MCX) is India's first listed, national-level, electronic exchange. It is also the first exchange to introduce commodity options in India. In the financial year 2018–19, the market share of MCX was 91.59%. 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.

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