MCX Zinc Futures Contract Successfully Completes Its First Physical Delivery

Mumbai, May 02, 2019: Multi Commodity Exchange of India Ltd. (MCX), India's largest exchange in the commodity derivatives segment, yet again successfully completed the first physical delivery of its another base metal futures, i.e. Zinc April 2019 contract. The delivery process was conducted seamlessly and all deliveries were completed in accordance with the terms and conditions of the contract, marking the conclusion of the first full settlement cycle. **Pay-in and pay-out of the contract concluded today for a quantity of 430 metric tonne (MT).** The contract was settled with no delivery defaults.

The deliveries were made by two entities viz. Indu Corporation Pvt. Ltd through IIFL Wealth Management Ltd, and Phoenix Industries Ltd through Motilal Oswal Financial Services Ltd (MOFSL).

The metal, which conforms to MCX's quality parameters i.e. LME approved brand of Special High-Grade zinc with minimum purity of 99.995% purity zinc 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 zinc 5 MT futures contract in the country. The final settlement price for this deliverable contract was derived using polled spot prices from actual physical market participants, who play a predominant role in price discovery process.

Commenting on the development, **Mr. Mrugank Paranjape, MD & CEO, MCX** said, "*With the successful physical settlement of zinc futures at MCX, we are pleased to have seamlessly achieved yet another major milestone after the delivery of aluminium last month. With the culmination of settlement into physical deliveries in these base metal contracts, we have not only exhibited the efficient integration of derivatives and physical markets, but also demonstrated the efficacy of these products in effectively meeting the industry's needs."*

"Given the opportunity for locking-in input costs and hence profit margins, I am sure all metal stakeholders, including SMEs will make MCX a platform of choice for their hedging requirements as well as their purchases/deliveries", Mr. Paranjape added.

Mr. Nimish Kapashi, Director, Indu Corporation Pvt. Ltd. said, "*Our smooth experience while participating in delivery of aluminium on the MCX platform last month gave us the confidence to also use the exchange platform for delivery of zinc. We are glad to say that the entire quantity of zinc was delivered on MCX in a seamless manner with an equally effortless pay out process. We would like to continue our engagement with MCX for the metal deliveries in future also".*

Mr. Amit Sangai, Director Phoenix Industries Ltd. said, "*The MCX delivery platform is extremely robust and we successfully delivered zinc. The entire pay in and pay out process completed with great efficacy".*

Zinc, an invaluable non-ferrous base metal and a strategic priority for many industries, has seen a surge in demand from the galvanizing industry over the last few years. However, with base metals seeing a volatile run zinc prices have also been witnessed to extreme volatility over the last few years, leading

to stress amongst zinc consumers and producers alike. Thus, making it imperative for its stakeholders to resort to effective price risk management alternatives

Roughly, 50 per cent of all metallic zinc produced today is used to galvanise other metals, such as steel or iron, to prevent corrosion. Large quantities of zinc is used to produce die-castings, which are used extensively by the automotive, electrical, and hardware industries. Zinc is also used as a chemical compound in rubber, ceramics, paints and agriculture. Zinc coating is widely used to protect finished products ranging from structural steelwork for buildings and bridges to nuts, bolts, strips, sheets, wires, and tubes.

According to Ministry of Mines, India's refined zinc production during FY17-18 stood at 7,91,460 MT as compared to 6,71,988 MT during the previous financial year. In 2017, the world zinc production was around 13.7 million metric tonnes (MMT), as compared to 13.7 MMT in 2016. The world's zinc consumption stood at 14.2 MMT in 2017 compared to 13.9 MMT in 2016.

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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