



Revitalizing Cotton Economy Revolutionizing Commodity Markets

Presented By:

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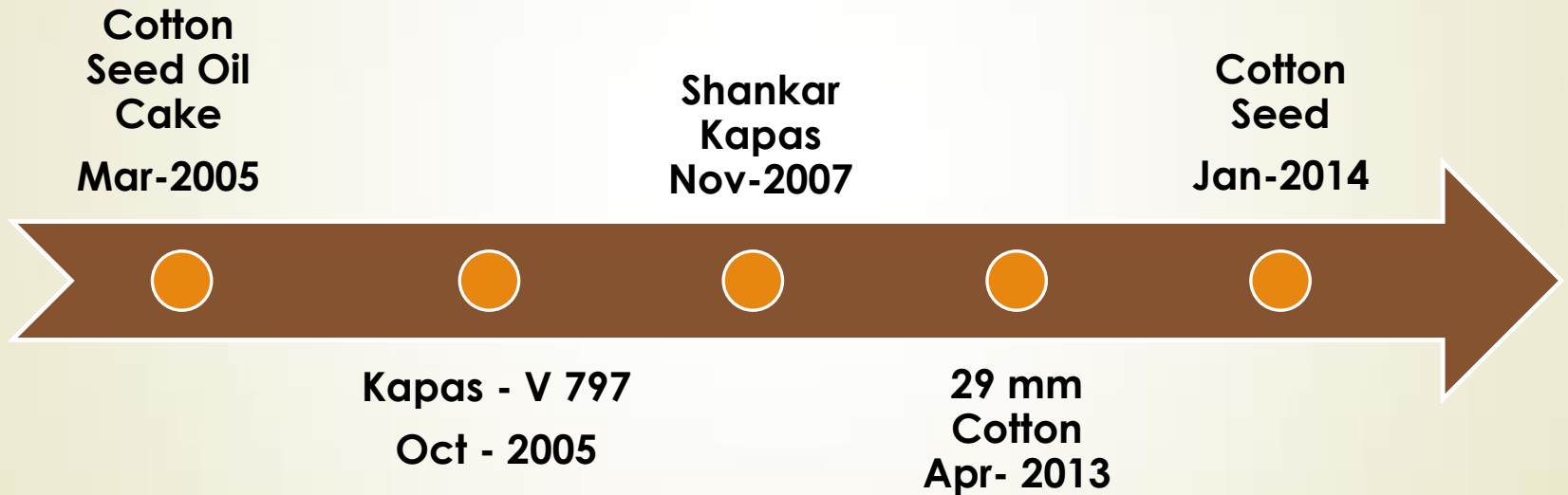


Cotton ...

The **FIRST** commodity in India that was traded in **organized futures market** in 1875

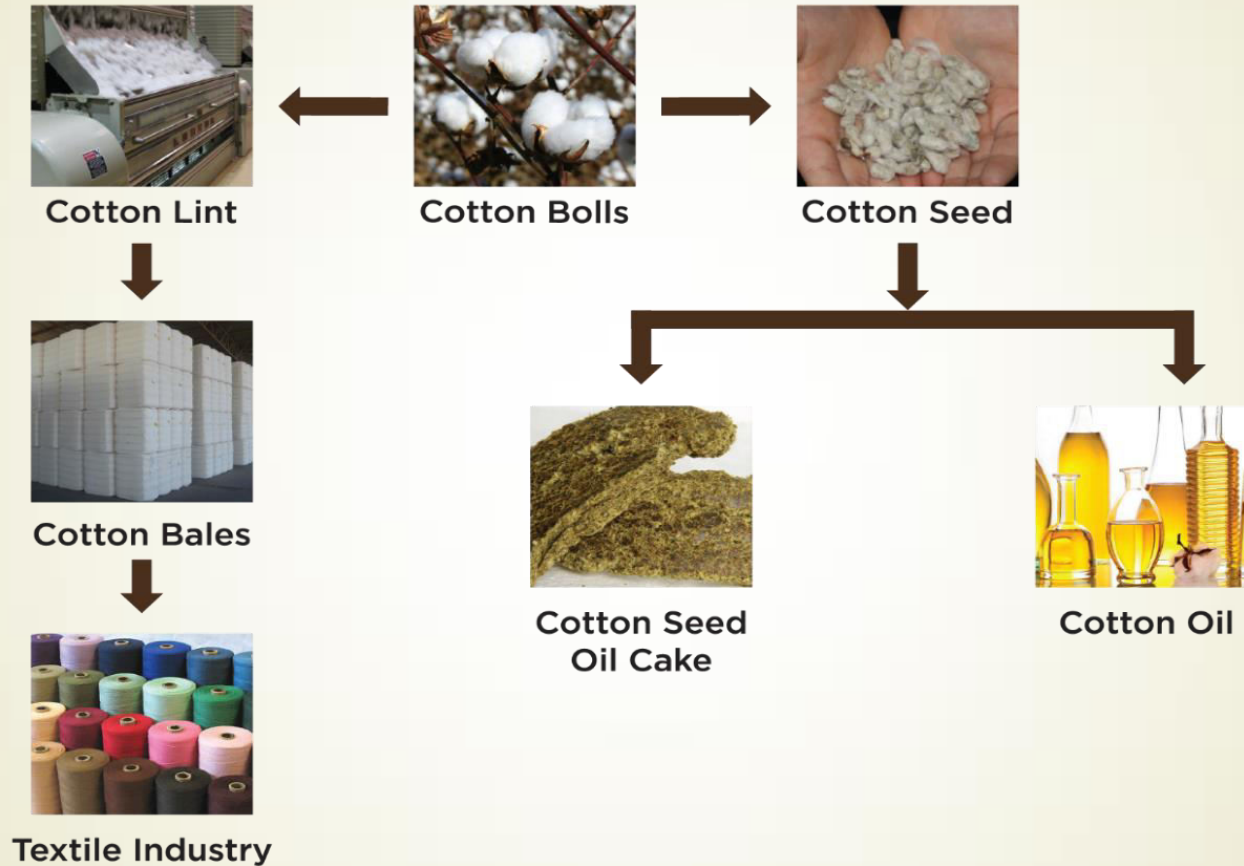


NCDEX's Long Association with Cotton Complex



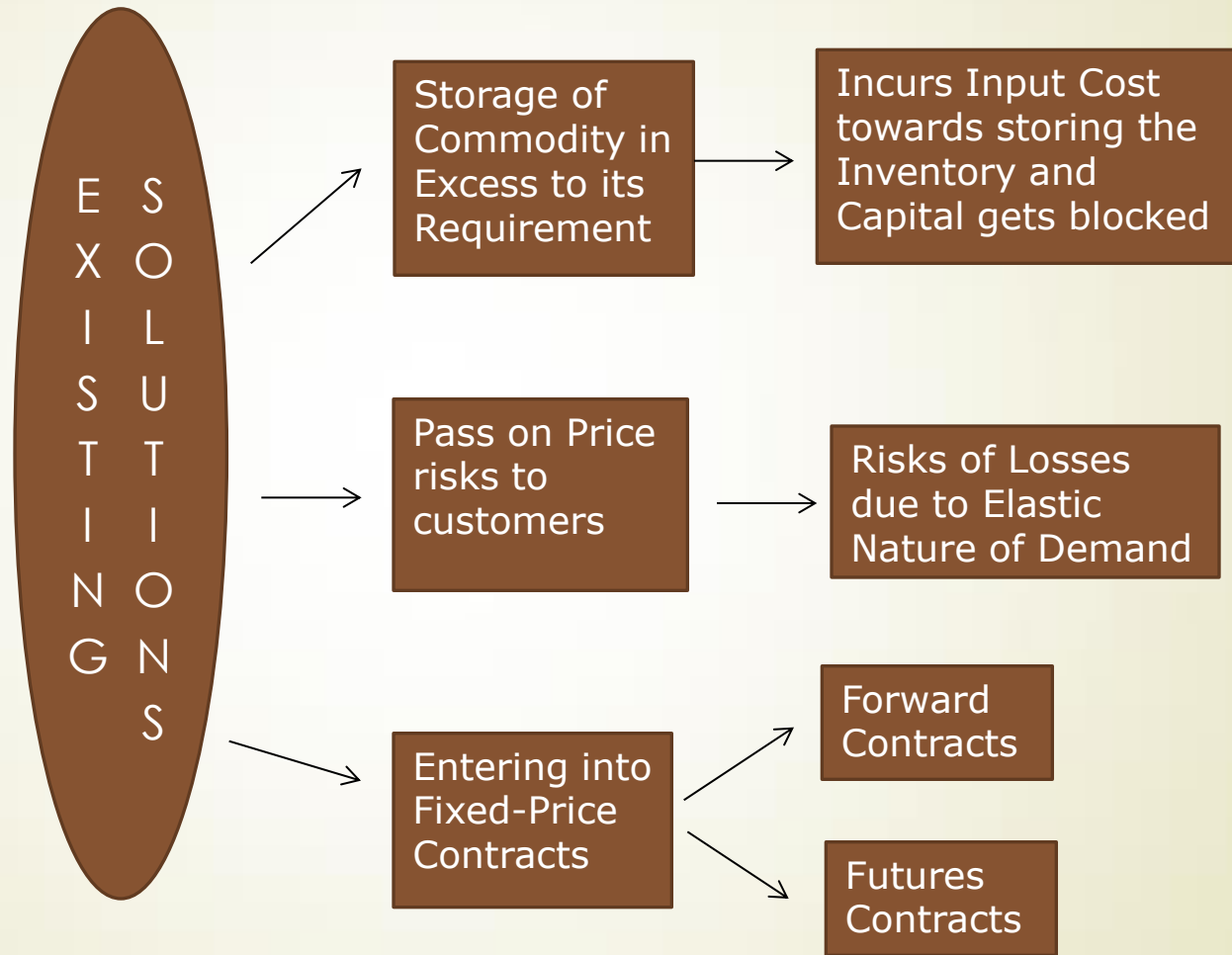
Cotton Value Chain in India

Strong forward & backward linkages



NCDEX understands the concerns of cotton value chain participants

- Cost Uncertainty of raw materials
- Change in Value of Inventory
- Seasonality in Demand & Supply
- Counter party risks



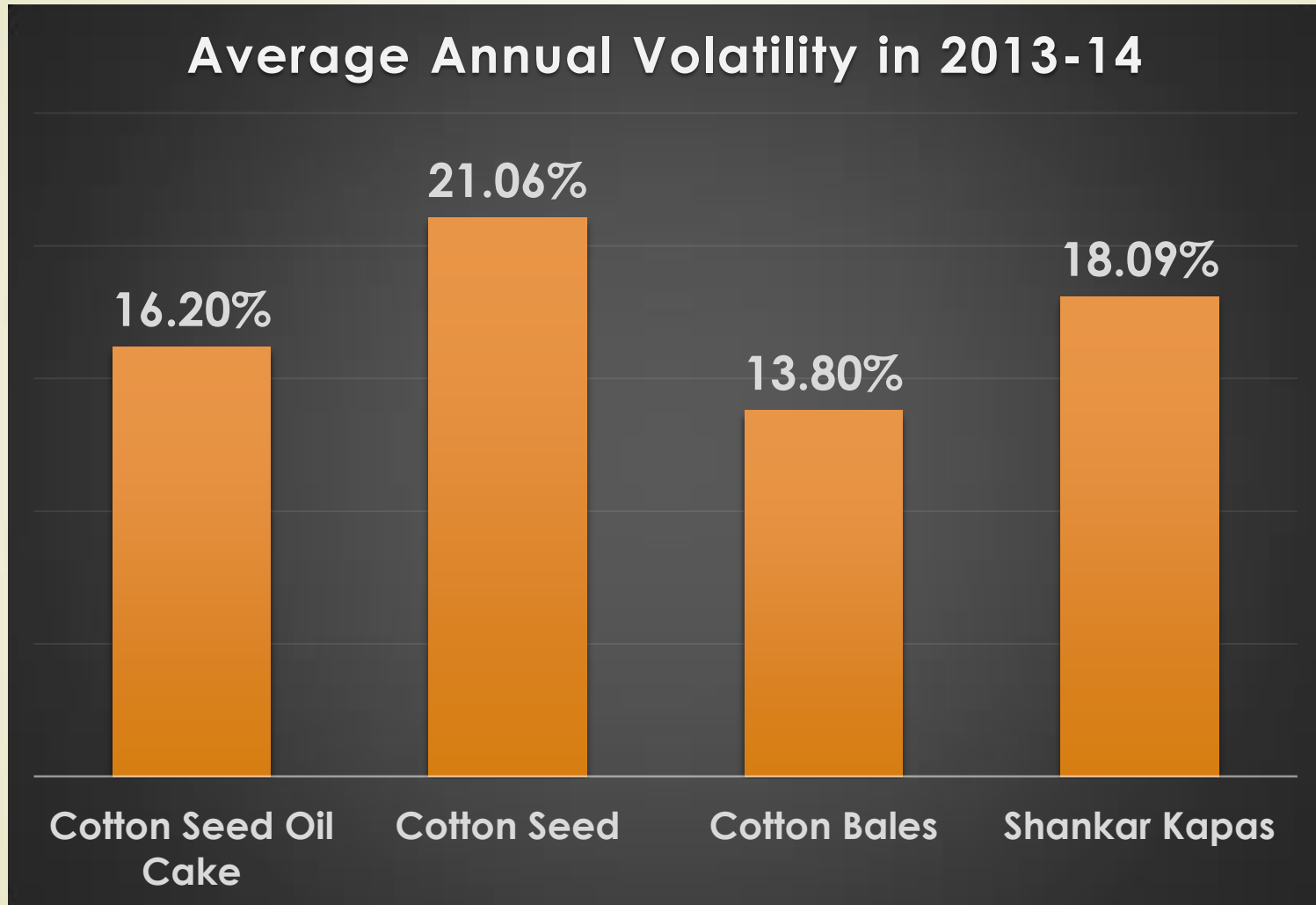
Significant Business Risks



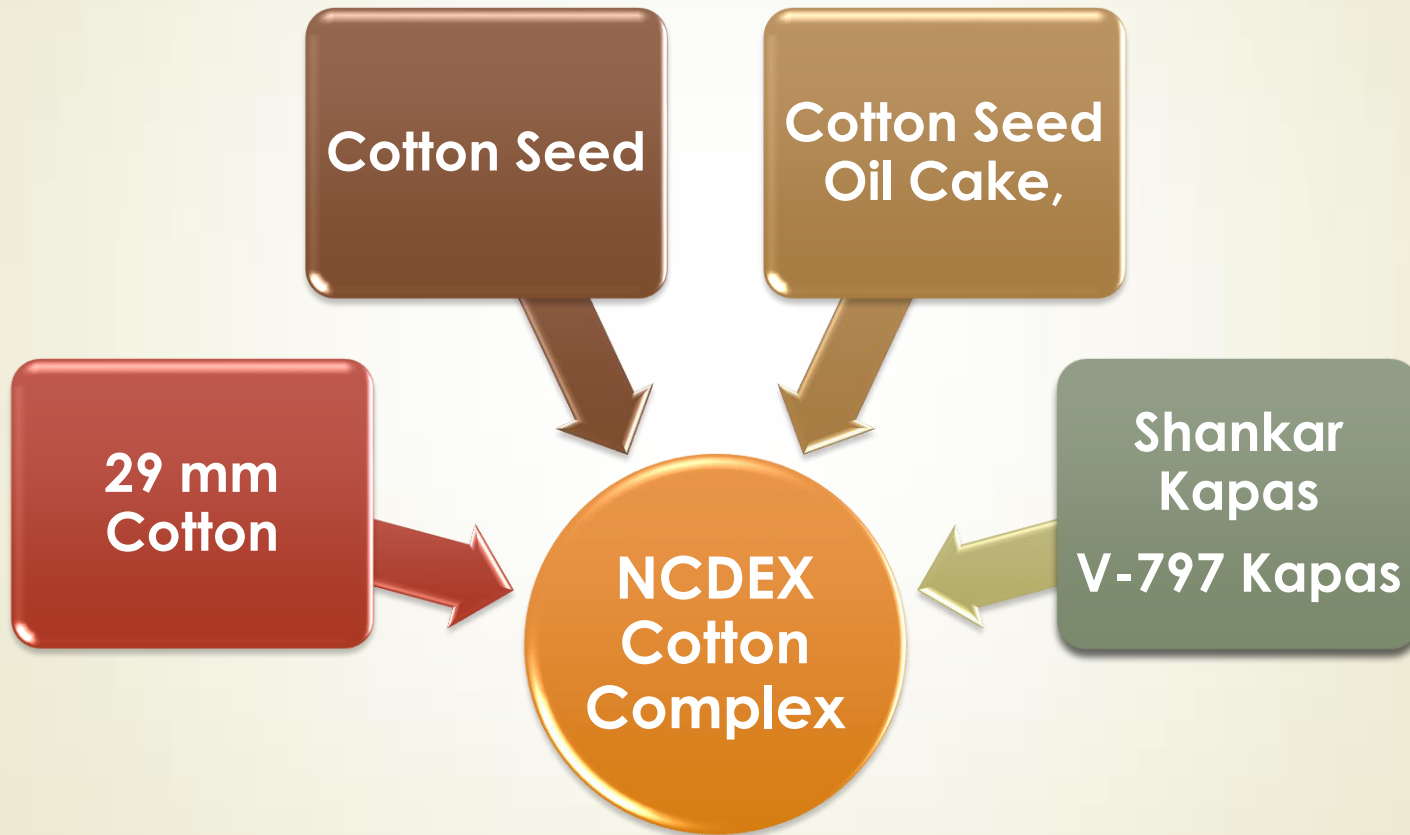
- **Capital intensive nature of production. Huge investment**
- **Increased exposure to international market dynamics**
 - Largest producer of cotton in world - improved cotton yield following commercial cultivation of BT cotton
 - India being second largest exporter - pick-up in cotton exports subsequent to removal of quota system
- **High price volatility resulting in fatal consequences like farmer suicides & industry sickness**



Cotton Complex - Price Volatility



One Stop Solution Commodity Futures



THE NCDEX EDGE

Price Discovery

Price Dissemination

**Price Risk
Management**

**Post-harvest Rural
Infrastructure**

Financial Inclusion



What do we offer?



- Freedom from exploitation by money lenders and mortgaging land
- Freedom from dependence on gold
- Freedom from suppressed margins
- Freedom from post-harvest distress sales
- Freedom from inefficient use of resources
- Freedom to raise money from banking sector
- Freedom to build a secure future based on farm productivity and efficiency



Benefits of Trading at NCDEX

- **Liquid cotton complex**
- **Benefit of hedging across upstream / downstream product line**
- **Simple and efficient delivery process**
- **Electronic tracking system - COMTRACK®**
- **Wide spread delivery centres; covering majority of the production areas**
- **Lower transaction charges**



Cotton Futures

Limited Growth compared to global peer

**OI/
Production
Ratio**

World (ICE)
108%

**India
0.78%**

**Volume/
Production
Ratio**

World (ICE)
21%

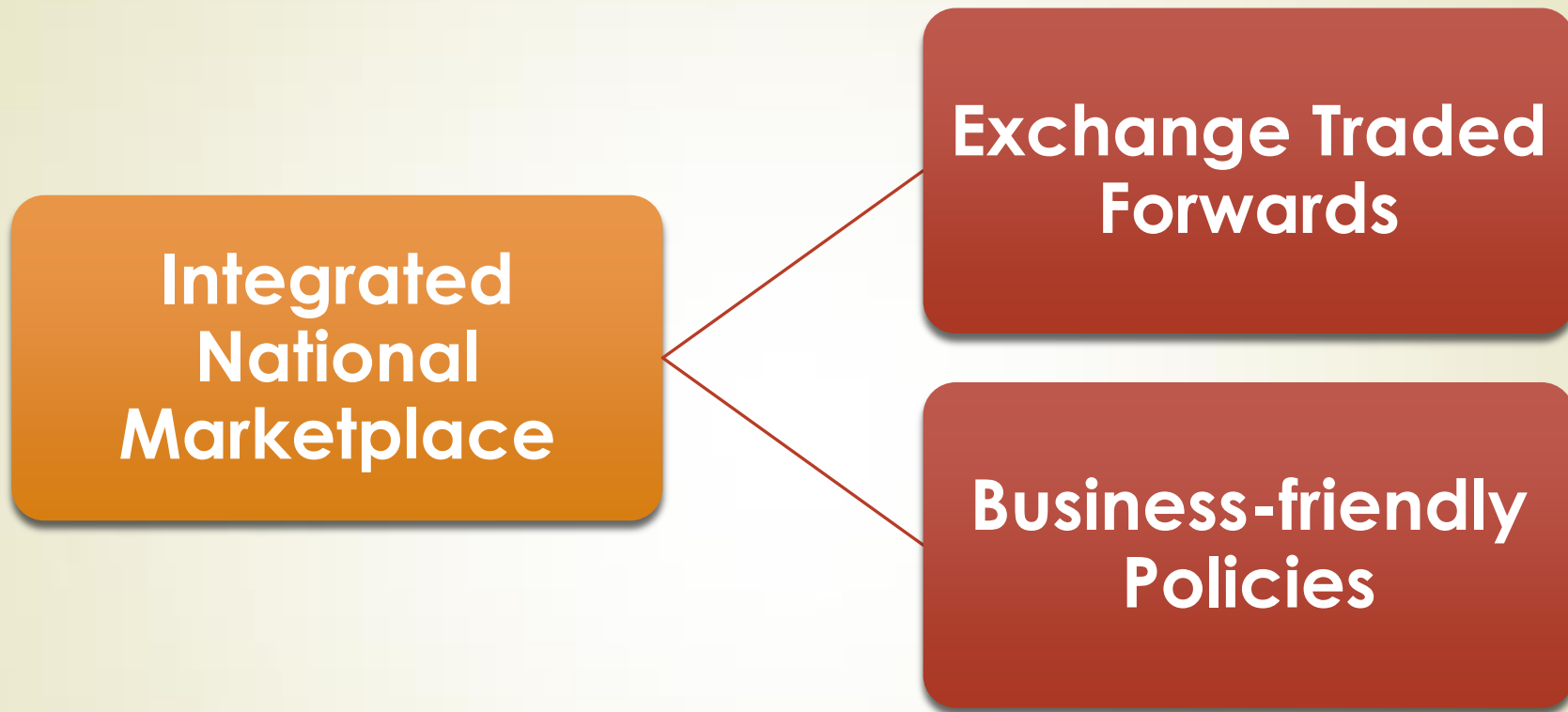
**India
0.25%**

Calculations based on figures taken on 20th November 2014 and considering US Cotton crop production



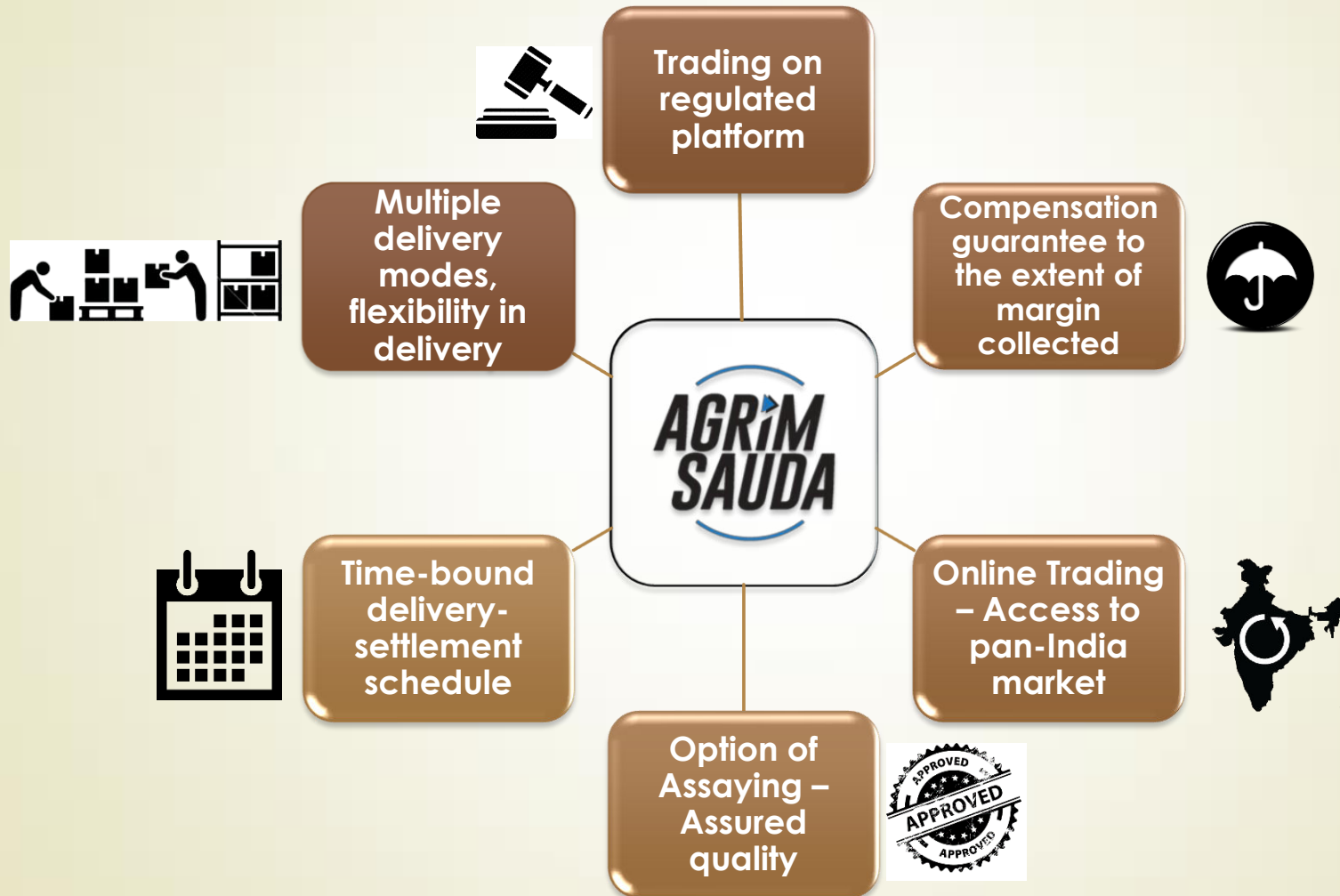
What Lies Ahead?





Exchange Traded Forwards

Accelerating efficiency and growth



NCDEX Hedge Policy

Enabling efficient hedging

- **First of its kind initiative to document hedging procedure in simple manner**
- **Offers hedge codes to large companies that allow them to manage their risk exposure easily**
- **Remove any ambiguities and misconceptions by clearly articulating types of risks, eligibility criteria for bonafide users**
- **Expanded eligibility criteria**





Thank You

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