



Rubber Physical Delivery Guide

PREFACE TO THE RUBBER PHYSICAL DELIVERY GUIDE

NCDEX is the only commodity Exchange in the country promoted by national level institutions. This unique parentage enables it to offer a bouquet of benefits, which are currently in short supply in the commodity markets. The institutional promoters and shareholders of NCDEX are prominent players in their respective fields and bring with them institutional building experience, trust, nationwide reach, technology and risk management skills.

NCDEX is a nation-level, technology driven de-mutualised on-line commodity Exchange with an independent Board of Directors and professional management - both not having any vested interest in commodity markets. It is committed to provide a world-class commodity exchange platform for market participants to trade in a wide spectrum of commodity derivatives driven by best global practices, professionalism and transparency.

We are extremely happy to present to our Members and constituents the first edition of handbook on rubber physical delivery. It is the Endeavour of the Exchange to incorporate the necessary changes in the existing process of rubber physical delivery to smoothen the process and make it more transparent. Members are requested to go through this handbook and educate themselves regarding the process followed by the Exchange in rubber physical deliveries. In case any further clarifications are required members are free to approach the customer service group.

This book includes the latest processes to be followed by the depositor and the buyer while dealing in rubber through the Exchange delivery process.

We express our gratitude to all those who responded to our call for feedback offering valuable suggestions. Care has been taken to incorporate most of them thereby making the book more valuable.

TABLE OF CONTENTS

- 1. Delivery centers**
- 2. Availability of CWC warehouse at delivery locations**
- 3. Storage charges**
- 4. Assaying charges and mode and method of payment**
- 5. Process of deposit**
- 6. Process of assaying**
- 7. Warehouse receipts – Negotiable / Non - negotiable**
- 8. Validity period**
- 9. Revalidation and charges**
- 10. Labour and handling charges**
- 11. Payment of storage charges including insurance charges to CWC**
- 12. Outbound delivery process**
- 13. Trading and marking intentions**
- 14. Delivery Matching**
- 15. Settlement Process – Physical receipt based**
- 16. Funds shortage**
- 17. Successful settlement**
- 18. Sales tax**
- 19. Warehouse address and contact details**
- 20. Annexure I / II**

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1. Delivery centers

The base delivery center is Kochi while Kottayam, Calicut, Trissur and Manjeri are the additional delivery centers.

2. Details of warehouses

The updated list of warehouses for facilitating deposits and outbound deliveries of rubber is available in the note.

3. Storage charges

The storage charges will be as per schedule of charges fixed by the warehouses from time to time – Presently the charges are as follows

First month calculation and subsequent storage charges:-

Currently the storage charges at CWC warehouses for 50 kg. units are @ Rs 8.30 per bundle/ month. For the first month, weekly storage charges as indicated below are levied:

I week - 44% of monthly charges

II week - 68 % of monthly charges

III week - 88% of monthly charges

IV week - 100% of monthly charges

After the first month, following storage charges structure is applicable:

I week – 25% of monthly charges

II week – 50% of monthly charges

III week – 75% of monthly charges

IV week – 100% of monthly charges

Insurance charges (5 paisa per Rs.100/- value of goods per month or part thereof) and service tax as applicable will also be levied.

4. Assaying charges and mode and method of payment

- Assaying charges will be Rs. 50/- per MT and payable by the depositor to the CWC directly at the time of fresh deposit.
- The payments would be accepted in cash, cheque or demand draft only.

NOTE: The storage and assaying charges including the insurance charges are subject to change as and when the same are revised by the CWC.

5. Process of deposit

- The intending depositor should enquire about availability of storage space from warehouses in the delivery locations.
- Upon confirmation, the depositor will bring his goods to the warehouse.
- Lot size/ sampling lot size is 1 MT. Thus, quantity to be deposited would be either 1 MT or multiples of 1 MT. Each lot would comprise of 20 bundles each weighing 50.2 kg or more (gross weight) including cover sheets/ dopping.
- The warehouse would allow rubber deposits depending upon availability of space on first-come-first-served basis.
- For first time deposits at CWC, the deposits have to be accompanied with a letter of introduction from the Member of the Exchange or from an existing depositor recognized by CWC. This letter will not be required for subsequent deposits by the same depositor.

6. Process of assaying

- Arrangements for inspection and grading of rubber as per NCDEX contract specifications will be made by the warehouses and goods only conforming to the contract specifications will be accepted by the warehouses.
- Testing/ grading would be carried out manually by visual inspection w.r.t. the quality parameters indicated in the contract specifications. There are no chemical tests presently undertaken by the warehouse nor is there such a practice.
- Grading procedure as per BIS standards (IS: 15361:2003) would be followed.
- 10% of the total no. of bundles in the lot i.e. 2 bundles at random would be segregated and opened and checked for grade with reference to quality parameters laid down for RSS 4. All the sheets in the sample bundles would be tested and if any sheet is found not meeting specifications, the lot would be rejected.
- Moulds, dirt, rust, burnt sheet, over smoking, etc. would be verified and none of these should be greater than 20% of sheets of the selected 10%. Moisture is not tested but wet sheets, if any, would be rejected.
- Air dried sheet, frothy sheet, partly or fully skim latex sheet, undried sheet, wet sheet, bleached (pale) sheet, sand, dirty packing, oxidized spots, streak, weak sheet, heated sheet, burnt sheet are not acceptable.
- Covering sheets should be also of same grade (RSS 4) or higher grade and no lower grade.
- Warehouse receipt issued indicates the grade of the goods for rubber. No other quality certificate would be issued.

7. Warehouse receipts – Negotiable/ Non - negotiable

- If the goods intended to be deposited are passed in the grading/ assaying process, a negotiable warehouse receipt will be issued by the warehouse for each lot of 1 MT accordingly. Warehouse receipts which are marked as Negotiable and accepted for deliveries on the Exchange platform will be accepted for delivery.
- Any storage/ insurance charges paid by the depositor/ beneficiary holder, period for which payment made, fact that revalidation has been done, the revalidation grading charges paid, validity period of the lot would be noted and authenticated by the warehouse on the warehouse receipt so issued.

8. Validity period

Validity period for the accepted goods will be 4 months i.e. 3 months initial validity plus further 1 month upon successful revalidation except during monsoon period (15th May to 30th September) when it will be only 3 months i.e. 2 months initial validity plus further 1 month upon successful revalidation. A beneficiary desirous of getting the goods revalidated would have to approach the warehouse within validity date for revalidation. The extension of validity period beyond the initial validity period of 3 months or 2 months (as applicable) will be done only if the quality of the goods conforms to the contract specifications.

9. Revalidation and charges

- The revalidation testing/ grading would be done as requested by the beneficiary holder of the negotiable Warehouse receipt for revalidation beyond the initial validity period wherever provided.
- Revalidation/ processing charges shall be levied @ Rs. 25/- per warehouse receipt for extension of validity beyond initial storage period. Extension of validity period would be considered subject to the goods meeting the contract specifications.
- Thus, revalidation will be strictly on confirmation of quality of goods as per contract specifications.

10. Labour and handling charges

Labour charges vary from warehouse to warehouse. The charges would be paid by the initial depositor for deposits made by him and by the final buyer while taking delivery. For sampling also the depositor/ buyer would make the payment for any handling if required or himself arrange for such handling.

11. Payment of storage charges including insurance charges to CWC.

- Every beneficiary holder pays for the storage charges/ insurance charges for the period during which the goods are held by him.
- Payment of storage charges/ insurance charges will also be recorded and authenticated in the warehouse receipts whenever any depositor/ holder/ beneficiary pays the same to the warehouse at the time of deposit or during the storage period of the goods including at the time of revalidation. Such charges will not be levied again at the time of outbound delivery.

- In addition to storage charges, insurance charges would be levied and collected currently @ 5 paisa per 100 rupee value per month or part thereof. These charges will be payable by the beneficiary of the negotiable warehouse receipt at the time of final outbound delivery/ revalidation.
- The warehouse will issue the receipt for all the payments received by it on account of storage and assaying charges giving specific details of depositors/holders, nature of payment and warehouses receipt no.
- Subject to what is stated above, on settlement, the inter-client intra member (same member) settlement of warehouse and insurance charges will be done by the member since the seller and buyer client belong to the same member. The Exchange will be informed of such settlement.
- Subject to above settlement of warehouse charges will be as per the procedure prescribed by the Exchange. The seller member' account will be debited for the applicable storage and insurance charges for the period(s) of holding in the seller' account and the same will be credited to the buyer member' account. It may be noted that the seller is responsible for payment of storage and insurance charges for the period of his holding the goods in the warehouse after which the buyer is to bear such charges. Payment of storage and insurance charges to CWC from the date of deposit till delivery is however to be made by the buyer.

12. Outbound delivery process

- The beneficiary holder would take the negotiable warehouse receipt endorsed in his name and produce it at the warehouse.
- The warehouse would verify the authenticity of the warehouse receipt and collect any pending storage/ insurance charges from the party intending to take physical delivery.
- On payment of all charges by the holder and upon satisfaction of the beneficiary regarding quality of goods, the warehouse would deliver the goods to such holder.

13. Trading and marking intentions

Trading in rubber and the process of marking intentions for delivery would continue as per the current processes and will be as per the timelines stipulated by the Exchange from time to time.

14. Delivery matching

Open positions for which successful inter client delivery information has been provided will not be considered for settlement through exchange delivery mechanism.

All other open positions will be considered for allocation for delivery on the exchange platform. Allocation will be done after considering the preferences given in the delivery information and locations indicated for delivery.

On completion of the allocation process by the Exchange, the details of allocation will be provided to the member on the member's extranet folder.

15. Settlement Process – Physical receipt based

- The client/s should submit the warehouse receipt/s which is marked as 'NEGOTIABLE' to his member for the deliveries to be tendered on the exchange.
- The selling member should process all the warehouse receipts and prepare a statement as per the format Annexure I. The statement along with the warehouse receipts should be submitted by the member to the local representative of the Exchange at the designated location at Kochi on expiry date by 5.00 p.m. The statement should not contain any errors /over writing and should be authenticated by the officials of the member.
- The warehouse receipts will be verified by the Exchange official for allocations, validity, delivery location and other details. Only valid warehouse receipts will be accepted by the Exchange and the Exchange reserves the right to reject warehouse receipts not found in order.
- In case the physical warehouse receipts are not received by the local representative on or before the stipulated timelines, it shall be conclusively deemed that the seller does not intend to deliver.
- The warehouse receipts would be processed by the local representative and the details for settlement would be sent to the exchange for further processing at the clearing house.

16. Funds shortage

- On the settlement day, if adequate funds are not available in the buyer member's settlement account, the delivery will be considered as "withheld". These receipts would be handed over to the buyer member only on payment of complete dues of settlement.

17. Successful settlement

- On completion of settlement, the buyer member will be given the warehouse receipts for deliveries by the local representative of the exchange at the designated location. The buyer members will have to arrange to collect the warehouse receipts for deliveries on settlement date by 5.00 p.m. Any warehouse receipts which are not collected will be sent to the members address as per the records of the Exchange.

18. Sales tax

The seller member will have to submit the details of the sales tax amounts as per annexure II to the Exchange representative by 5.00 pm on the expiry date. The sales tax settlement would be done on the settlement date as per the procedure prescribed by the Exchange from time to time. The amount would be debited to the buyer member's account and credited to the seller member's account.

19. Warehouse address and contact details

Central Warehouse

Near Railway Goods Shed
Kottayam 686 016
Contact Person: Mr. B. Ashok Kumar
Contact details: 0481 – 6532064/09447441640

Central Warehouse

Gandhi Nagar
Kadavanthara
Kochi
Contact Person: Mr. S.Surendranath
Contact details: 0484 – 2204028/09947256930

Central Warehouse

West Hill, Beach Road
Kozhikode (Calicut)
Contact Person: Mr. K. Padmanabha Moorthy
Contact details: 0495 – 2383119/09495532820

Central Warehouse

Kinfra Industrial Park
Kakkancherry
Contact Person: Mr. O. Sreenivasan
Contact details: 0494 – 0494-2403241/09495532820

Central Warehouse

Kuriachira P.O
Trichur
Contact Person: Mr. Jos A. Mookan
Contact details: 0487 – 2251985/09947672821

Annexure I

Sr. No.	Deposit date	Client name	Client ID	Member ID	WR No.	Qty	Validity Date	Storage charges paid up to	Insurance charges paid up to
1									
2									
3									

Annexure II

Sr. no	Seller			Address	Buyer			Value	S T Amt
	CMID	TMID	CLID		CMID	TMID	CLID		
1									
2									
3									

DISCLAIMER

This booklet provides guidance on the operational aspects relating to rubber physical delivery at NCDEX and is not intended to substitute or modify any Rule, Bye-law, Regulation or any circular of the Exchange. As the operational procedure may undergo changes from time to time, you should keep track of such changes. While every care has been taken to ensure accuracy and adequacy of the information contained in this booklet, no warranty of any kind, inclined, expressed or statutory is given in conjunction with the information and material. In no event or circumstances shall NCDEX and / or its employees and / or its agents be responsible in any manner for any unintentional errors or omissions of factual differences. This booklet cannot be a basis for any claims or demands or causes of action.

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