

CONTRACT SPECIFICATIONS

Commodity	Ticker Symbol	Basis*	GST	Expiry date	Delivery Logic	
Kapas	KAPAS	Rajkot	Exclusive	Last trading day of the month	Intention Matching	
Quotation		Trading and Delivery Unit	Tick Size	Position Limits		
Rs. per 20 kg	1 lot (200 maunds of 20 kg each i.e. 4 MT)	50 Paisa	Member 18,00,000	Client 1,80,000	Member 4,50,000	Client 45,000
Quality Specifications	Staple Length	Basis: 29 mm				
	Micronaire	Basis: 3.8-4.0				
	Strength	Basis: Minimum 29 GTex				
	Outturn	Minimum 34% with no premium above 34% & not Tenderable below 34%				
	Trash	Maximum 3%				
	Moisture	Max. 8% with no premium below 8%				
	Reflectance (Rd value)	Deliverable Range: 75-81				
Yellowness (+b value)	Deliverable Range: 7.5-9.5					

* upto the radius of 50 kms from the municipal limits.

For detailed contract specifications visit website www.ncdex.com

* The revised position limits would be effective from beginning of the day of September 01, 2020.

Commodity at a Glance

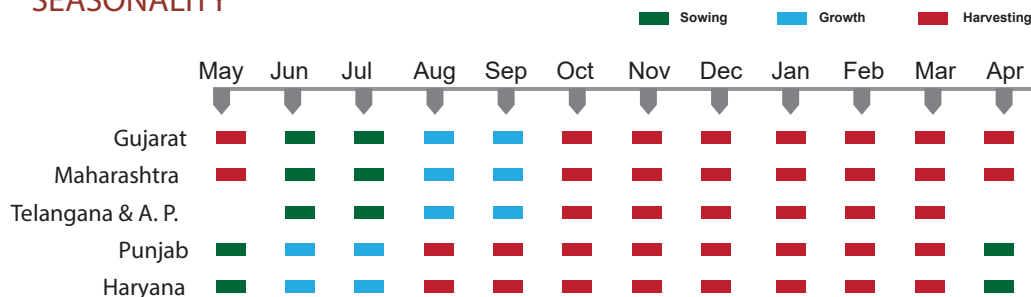
NCDEX Kapas Futures



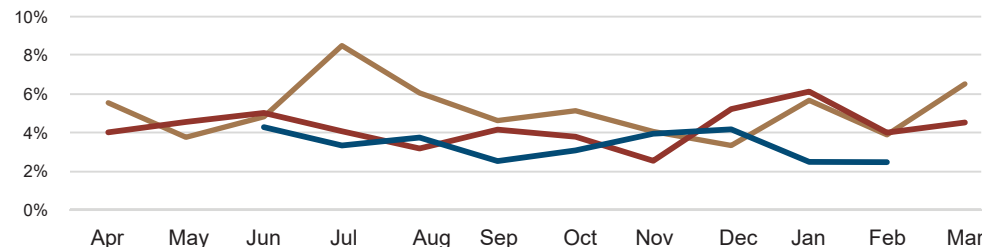
- Benchmark Futures contract for KAPAS
- World's only liquid unginned long staple Kapas Futures
- Efficient and transparent price discovery
- Connects the entire value chain
- Best hedging tool for a Ginner
- Hedging and price risk management tool for Cotton value chain

- India is one of the largest producer of Kapas in the world with annual production of around 14 to 19 million MT
- Major producing states are Gujarat, Maharashtra, Telangana, Andhra Pradesh, Punjab, Madhya Pradesh, Karnataka, Rajasthan and Haryana.
- Major consuming states are Gujarat, Maharashtra, Telangana, Andhra Pradesh and Punjab

SEASONALITY



KAPAS FUTURES MONTHLY ANNUALISED PRICE VOLATILITY



Source - NCDEX Futures price of V797 Kapas (Surendranagar) for 2016-18 & Kapas (Rajkot) price for 2018-19

Annualised Volatility

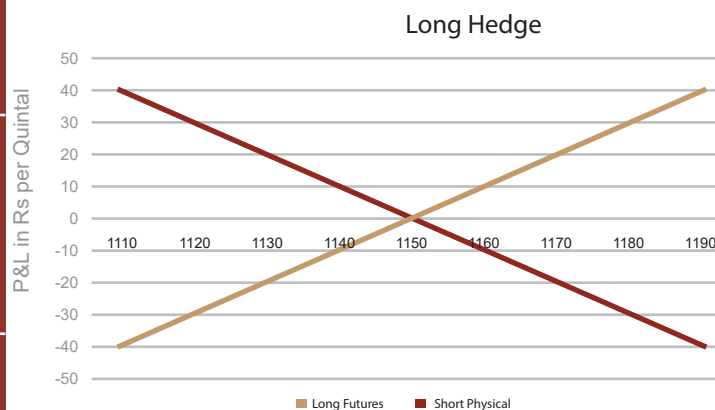
2015-16 (27%) 2016-17 (16%) 2017-18 (12%)

PRICE RISK HEDGING

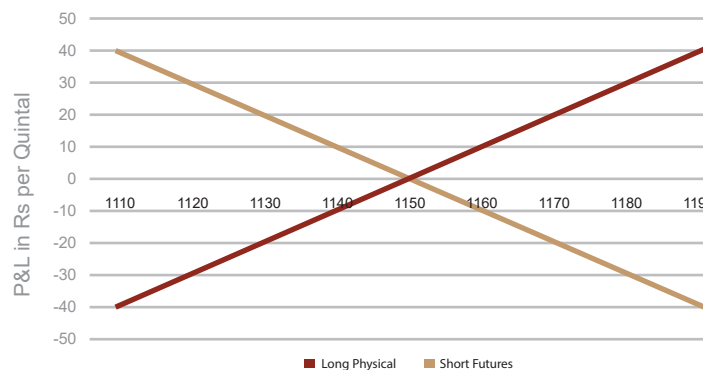
Processor/Hedger locks in the Kapas Futures price at Rs 1150/quintal for a long position

If the price of Kapas decreases in the physical market, the gain in the physical market is offset by the loss in the Futures market

If the price of Kapas increases in the physical market, the loss in the physical market is offset by the gain in the Futures market



Short Hedge



Processor/Hedger locks in the Kapas Futures price at Rs 1150 /quintal for a short position

If the price of Kapas decreases in the physical market, the loss in the physical market is offset by the gain in the Futures market

If the price of Kapas increases in the physical market, the gain in the physical market is offset by the loss in the Futures market

Graphs : For illustrative purposes only

USES OF KAPAS

- Lint obtained from Kapas is majorly used for manufacturing of yarn and for export purpose
- Demand of Kapas is gradually increasing with the increase in textile industry and importers of cotton from India
- On the other hand seed obtained from Kapas goes for crushing which in turn produces cotton seed oil cake and cotton oil

FACTORS INFLUENCING THE PRICE

- Weather condition in cotton producing areas especially at sowing, flowering and harvesting stage
- Demand of lint from textile industry
- Demand for Cotton seed from crushing industry
- Demand for Cotton Seed Oil Cake from farmers, dairy and feed industry
- Price movement in Cotton bales & Cotton seed
- International production of Cotton