

CONTRACT SPECIFICATIONS

Commodity	Ticker Symbol	Basis	Delivery Logic
Robusta Cherry AB Coffee	COFFEE	Ex warehouse Kushalnagar (Karnataka)	Compulsory Delivery

Quotation	GST	Trading and Delivery Unit			Position Limits			
		Tick Size	Expiry date	Aggregate	Near Month			
Rs. per Quintal	Exclusive	1 MT	Rs. 10	20th of the delivery month	Member 18,000	Client 1,800	Member 4,500	Client 450

Robusta Cherry AB Coffee specifications:

Quality Specifications	Parameter	Basis
	Moisture	12% Max.
	Retention on Screen 15 (screen with round holes of 6 mm) by weight	Min 90%
	Passage through screen 14 (screen with round holes of 5.5 mm) by weight	1.5% and below
	Extraneous matter by weight	0%
	Black cotyledon (full Black) beans by weight	0%
	Triage (round small beans, spotted beans, Elephant beans, Pales, Dried and Shriveled Beans, broken beans) by weight	3% by weight Max
	Pea Berry by weight	2% by weight Max
	Insect damaged beans by weight	1.5%
	Brown Beans and Partially Black Beans by weight	2.5%
	Immature Beans	6% Max
Bleached Beans	3% Max	

Coffee shall be free from any artificial colouring, flavouring, facing extraneous matter or glazing substance and shall be in sound, dry and fresh condition, free from rancid or obnoxious flavor.

For detailed contract specifications visit website www.ncdex.com



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Commodity at a Glance

NCDEX Coffee Futures



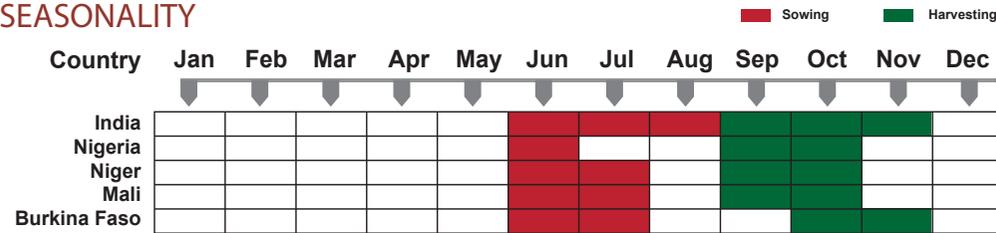
- Hedging and price risk management tool for value chain
- Efficient and transparent price discovery
- Robust delivery mechanism
- Connects the entire value chain

GENERAL INTRODUCTION ROBUSTA CHERRY AB COFFEE

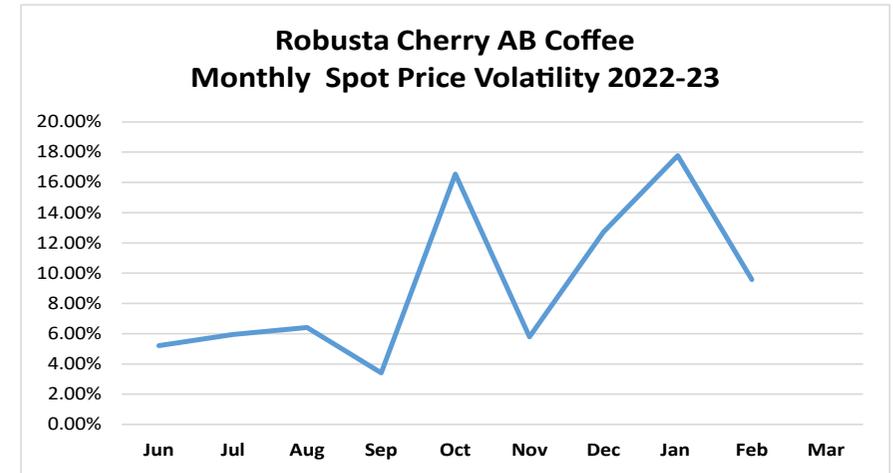
Coffee in India is grown under a canopy of thick natural shade in ecologically sensitive regions of the Western and Eastern Ghats. This is one of the 25 biodiversity hotspots of the world. Coffee contributes significantly to sustain the unique bio-diversity of the region and is also responsible for the socio-economic development in the remote, hilly areas.

- Coffee is one of the most traded commodity in the world in terms of value next to only petroleum products.
- Over 90 percent of coffee production takes place in developing countries—mainly South America—while consumption happens primarily in industrialized economies – Largely US and Europe

SEASONALITY



PRICE VOLATILITY : COFFEE



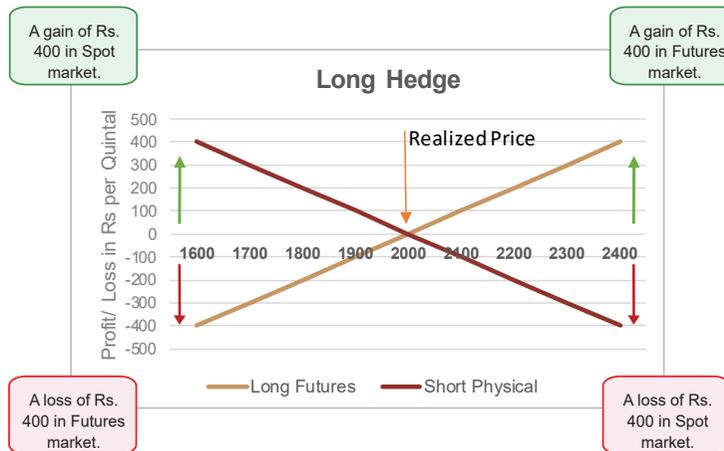
Source: NCDEX Spot Price

Processors/Hedger locks in the Coffee Futures price at Rs. 2000/quintal for a long position

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

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

PRICE RISK HEDGING



A gain of Rs. 400 in Futures market.

A loss of Rs. 400 in Spot market.

Short Hedge



Processors/Hedger locks in the Coffee Futures price at Rs. 2100/quintal for a short position

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

If the price of Coffee 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

VARIETIES

The two main varieties of coffee viz., Arabica and Robusta are grown in India. Arabica is mild coffee, but the beans being more aromatic, it has higher market value compared to Robusta beans. On the other hand, Robusta has more strength and is, therefore, used in making various blends.

USES: COFFEE

- Other than beverage, it is also used as a key ingredient in chocolates, cosmetics and beauty products, fragrances, and, surprisingly, art, furniture, and jewellery too!

FACTORS AFFECTING PRICES : COFFEE

Coffee prices change when supply and demand interact to create scarcity or abundance

- Product Cost
- Climate & Geopolitics
- Plant Disease
- The Utility and Demand. Consumer Habits
- Government and Legal Regulations.