

Commodity	Ticker Symbol	Basis*	GST	Expiry date	Delivery Logic
Kapas	KAPAS	Rajkot	Exclusive	Last trading day of the month	Intention Matching
<b>Position Limits</b>					
Quotation	Trading and Delivery Unit	Tick Size	Aggregate	Near Month	
Rs. per 20 kg	1 lot (200 maunds of 20 kg each i.e. 4 MT)	50 Paisa	Member 17,00,000	Client 1,70,000	Member 4,25,000 Client 42,500
<b>Quality Specifications</b>	<b>Raw Cotton</b>				
	<b>1. Staple Length</b> Basis: 29 mm Tenderable Range: 29 mm and above and not deliverable below 29 mm				
	<b>2. Outturn</b> Minimum 34% with no premium above 34% and not Tenderable below 34%				
	<b>3. Trash content:</b> Maximum 3% Tenderable Range: Maximum up to 3% with no premium below 3%				
	<b>4. Micronaire:</b> Basis: 3.8-4.0 Micronaire Tenderable range of 3.8–4.0 Micronaire with no premium/discount.				
	<b>5. Strength:</b> Basis: Minimum 29 GTex Tenderable above 29 GTex with no premium or discount. Strength less than 29 GTex is not deliverable on Exchange platform.				
	<b>6. Reflectance (Rd value)</b> Deliverable Range: 75-81				
	<b>7. Yellowness (+b value)</b> Deliverable Range: 7.5-9.5				
	<b>8. Moisture:</b> Max. 8% with no premium below 8%				

For detailed contract specifications visit website [www.ncdex.com](http://www.ncdex.com)



National Commodity & Derivatives Exchange Limited

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### Commodity at a Glance

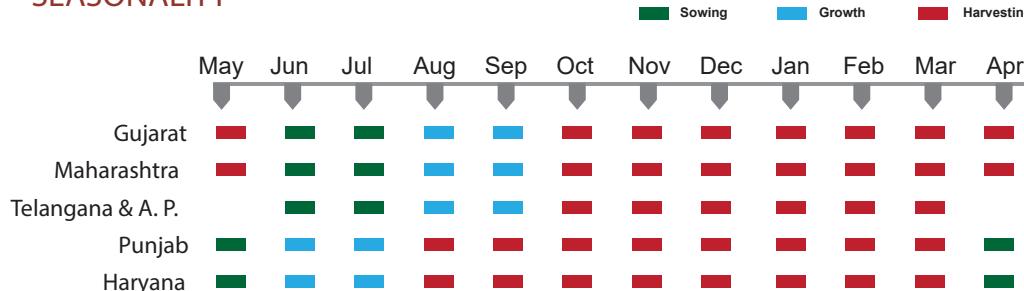
## NCDEX Kapas Futures



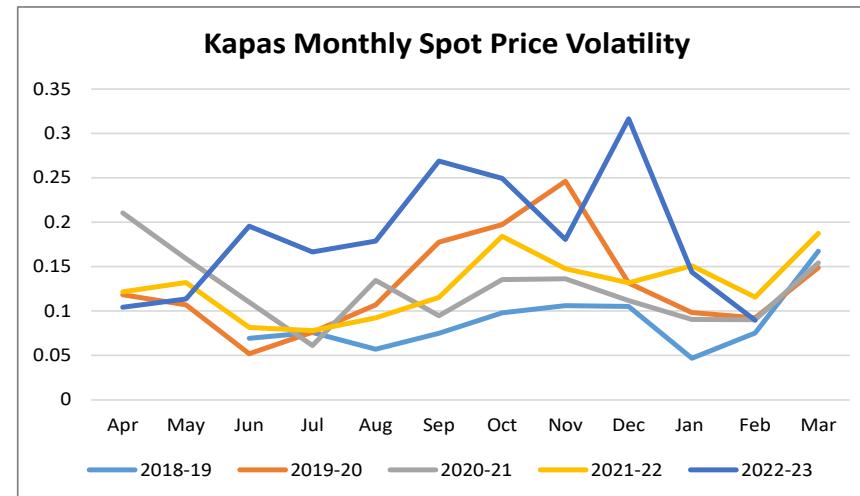
- Benchmark Futures contract for KAPAS
- World's only liquid unginned long staple Kapas Futures
- Efficient and transparent price discovery
- Connects the entire value chain
- Best hedging tool for a Ginner
- Hedging and price risk management tool for Cotton value chain

- 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

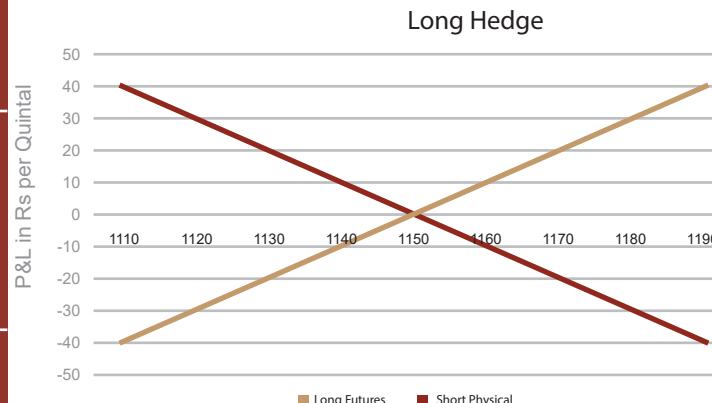


## KAPAS FUTURES MONTHLY ANNUALISED PRICE VOLATILITY



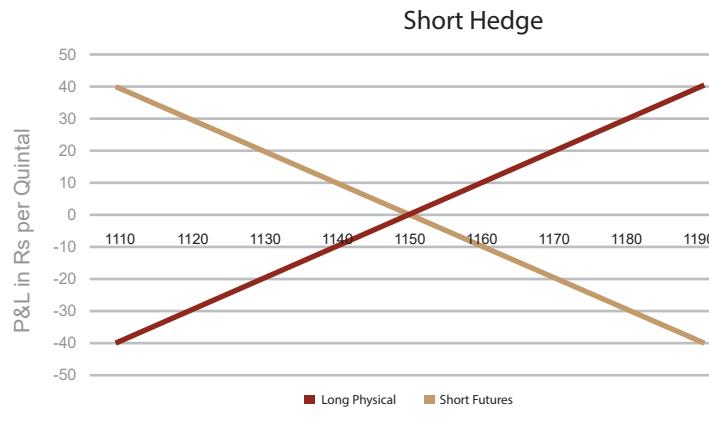
## PRICE RISK HEDGING

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



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

## 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