NCDEX Guar Seed Futures

Commodity at a Glance

- Benchmark Futures contract for Guar Seed
- Hedging and price risk management tool for value chain
- Efficient and transparent price discovery
- Robust delivery mechanism
- Connects the entire value chain

DEPOSIT AND DELIVERIES

- Deposits
- Deliveries

CONTRACT SPECIFICATIONS

<table>
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<tr>
<th>Commodity</th>
<th>Ticker Symbol</th>
<th>Basis*</th>
<th>Additional Delivery center*</th>
<th>Delivery Logic</th>
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<tbody>
<tr>
<td>Guar Seed</td>
<td>GURSEED10</td>
<td>Jodhpur</td>
<td>Bikaner, Nokha, Sri Ganganagar and Deesa</td>
<td>Compulsory Delivery</td>
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</table>

Quotation

- Rs. / quintal
- Exclusive
- Trading and Delivery Unit: 10 MT
- Tick Size: 50 Paisa
- Expiry date: 20th of the delivery month

Quality Specifications

- Moisture: 8% basis
- Whitish: 90% basis
- Damaged Seed: 1% basis
- Foreign Matter: 1% basis
- Quality Variation: + and - 2%

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

For detailed contract specifications visit website www.ncdex.com

Launched on 12 April, 2004

- Highest monthly ADTQ 3,55,150 MT
- ADOI 2,62,950 MT
- Total deliveries till Jan 2019 4,81,405 MT
Guar Seed, once known as ‘cow feed’, has emerged as one of the most lucrative crops in the recent past.

A dominant producer of guar, India accounts for about 80 percent of the world production.

70-80 percent of total production of India comes from Rajasthan.

**USES OF GUAR SEED**

- Guar Seed is a Most popular cattle feed in India
- After processing, it is sold as guar gum, guar korma and guar churi. Both guar churi and guar korma are used in cattle feed and poultry feed.

**SEASONALITY**

- Harvesting
- Sowing
- Carry Forward Stock
- Processing

**Price Risk Hedging**

- Processor/Hedger locks in the Guar Seed Futures price at Rs 4150/quintal for a long position
- If the price of Guar Seed decreases in the physical market, the gain in the physical market is offset by the loss in the Futures market
- If the price of Guar Seed increases in the physical market, the loss in the physical market is offset by the gain in the Futures market

**Salient Features of Guar Contracts on NCDEX Platform**

- Very high co-relation to the physical Guar market
- Adequate volume and liquidity
- Ideal Hedging and Risk Management Platform for value chain participants in Guar industry
- Compulsory delivery contract with staggered delivery mechanism
- Premium/Discount structure for fair pricing across the country
- Widely accepted quality specifications

**Graphs:**

- **GUAR SEED FUTURES MONTHLY ANNUALISED PRICE VOLATILITY**

  - Source - NCDEX Futures Price
  - Annualised Volatility:
    - 2016-17 (29.59%)
    - 2017-18 (24.24%)
    - 2018-19 (25.04%)

- **PRICE RISK HEDGING**

  - **Long Hedge**
    - Graph:
      - P&L in Rs per Quintal
      - 3950 4000 4050 4100 4150 4200 4250 4300 4350
      - Low Futures High Physical
      - Loss in Futures gain in Physical

  - **Short Hedge**
    - Graph:
      - P&L in Rs per Quintal
      - 3950 4000 4050 4100 4150 4200 4250 4300 4350
      - High Futures Low Physical
      - Gain in Futures loss in Physical