## 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**

---

### CONTRACT SPECIFICATIONS

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Ticker Symbol</th>
<th>Basis*</th>
<th>GST</th>
<th>Expiry date</th>
<th>Delivery Logic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kapas</td>
<td>KAPAS</td>
<td>Rajkot</td>
<td>Exclusive</td>
<td>Last trading day of the month</td>
<td>Intention Matching</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quotation</th>
<th>Trading and Delivery Unit</th>
<th>Tick Size</th>
<th>Aggregate</th>
<th>Near Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs. per 20 kg</td>
<td>1 lot (200 maunds of 20 kg each i.e. 4 MT)</td>
<td>50 Paisa</td>
<td>Member 16,00,000</td>
<td>Client 4,00,000</td>
</tr>
</tbody>
</table>

### Quality Specifications

- **Staple Length**: Basis: 29 mm
- **Micronaire**: Basis: 3.8-4.0
- **Strength**: Basis: Minimum 29 G Tex
- **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](http://www.ncdex.com).

---

Disclaimer: Trading in commodities contracts is subject to inherent market risks and the traders/investors should understand and consult their brokers/financial advisers before trading/investing. The content in this notice are for guidance only and should not be treated as re-commendatory or definitive. NCDEX or their affiliates, associates, representatives, directors, employees or agents shall not be responsible in any manner to any person or entity for any decisions or actions taken on the basis of this notice. No part of this notice may be redistributed or reproduced without written permission from NCDEX.
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.

**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.

**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.

**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.

**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.

**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.

**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.