



NCDEx

PRAGATI KA SOLID EXCHANGE

AICOSIA Ahmedabad
13th July-24





Cotton Seed Oilcake

COCUD – An Introduction

- ❖ When cotton seed is crushed for extraction of oil, the by product which remains after extraction of oil is called “cotton seed oil cake” or Kapasia Khali in hindi.
- ❖ Other names – Khol (Gujarat), Dhep/ Khal (Maharashtra)
- ❖ Cotton Seed Oil Cake has around 25% protein content in it. Consumption of Cotton Seed Oil Cake by cattle does add viscosity to the milk.
- ❖ This is also used as fertilizers, either alone or in mixtures with other ingredients, as fish feed, etc.
- ❖ Excellent organic source of N, P, K and other micronutrients.

Current Fundamentals

- Crop Size 317.8lakhs Bales expected for the new season
- Good deposit in ncdex at Kadi and Akola location
- Low demand for cotton and CCI procured 32.8 lakh bales
- There is good carry over stock this season due to timely arrival scenario as compared to the previous season

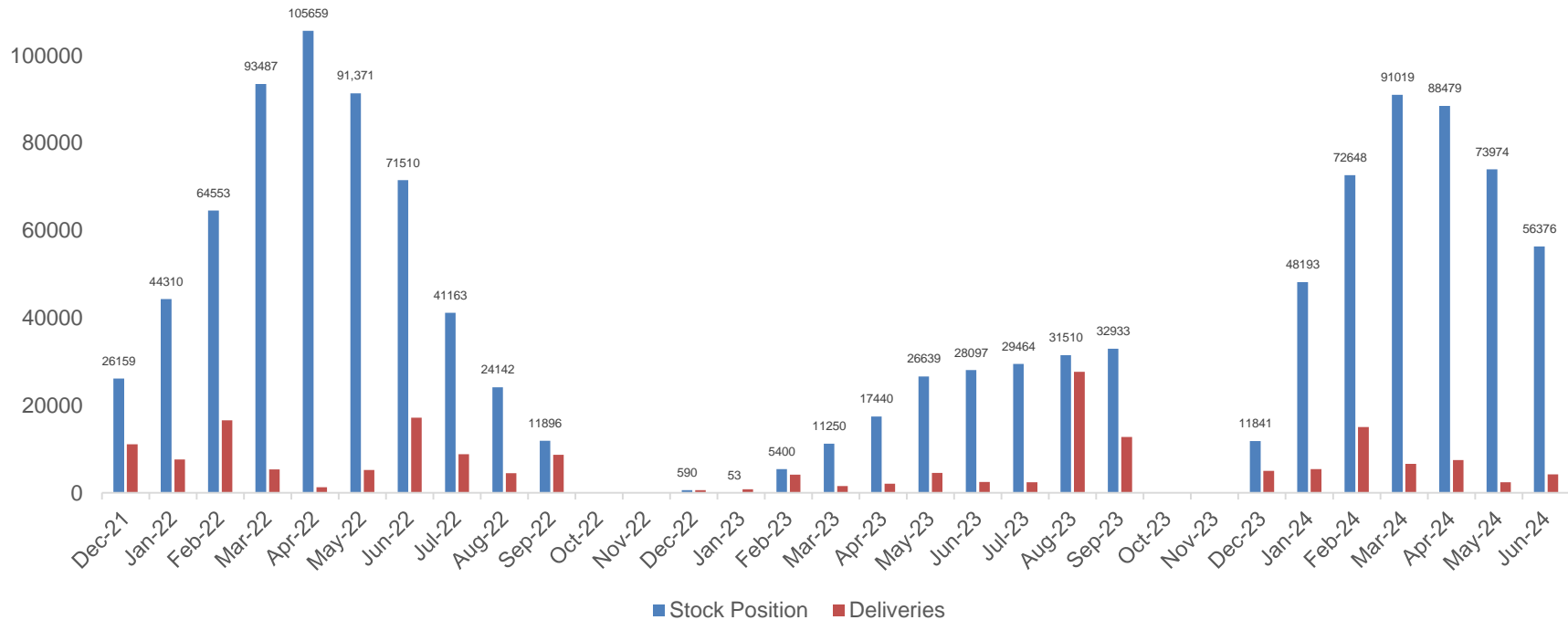
Contract Specifications

PARAMETER	SPECIFICATIONS
Ticker Symbol	COCUDAKL
Unit of Trading	10 MT
Delivery Unit	10 MT
Maximum Order Size	500 MT
Quotation/Base value	Rs. per quintal
Tick Size	Re. 1
Quantity Variation	+/- 2% for total weight of each deliverable lot
Delivery Center	Akola, within a radius of 60 Kms from the municipal limits
Additional Delivery Centers	Kadi
Delivery Logic	Compulsory Delivery
Quality Specification	<ul style="list-style-type: none">• Moisture Content: 9% (Max)• Oil Content: 6% (Min)• Fibre: 27% (Max)• Sand and Silica: 2.5% (Max)• Protein: 22% (Min)• Colour : Greenish yellow

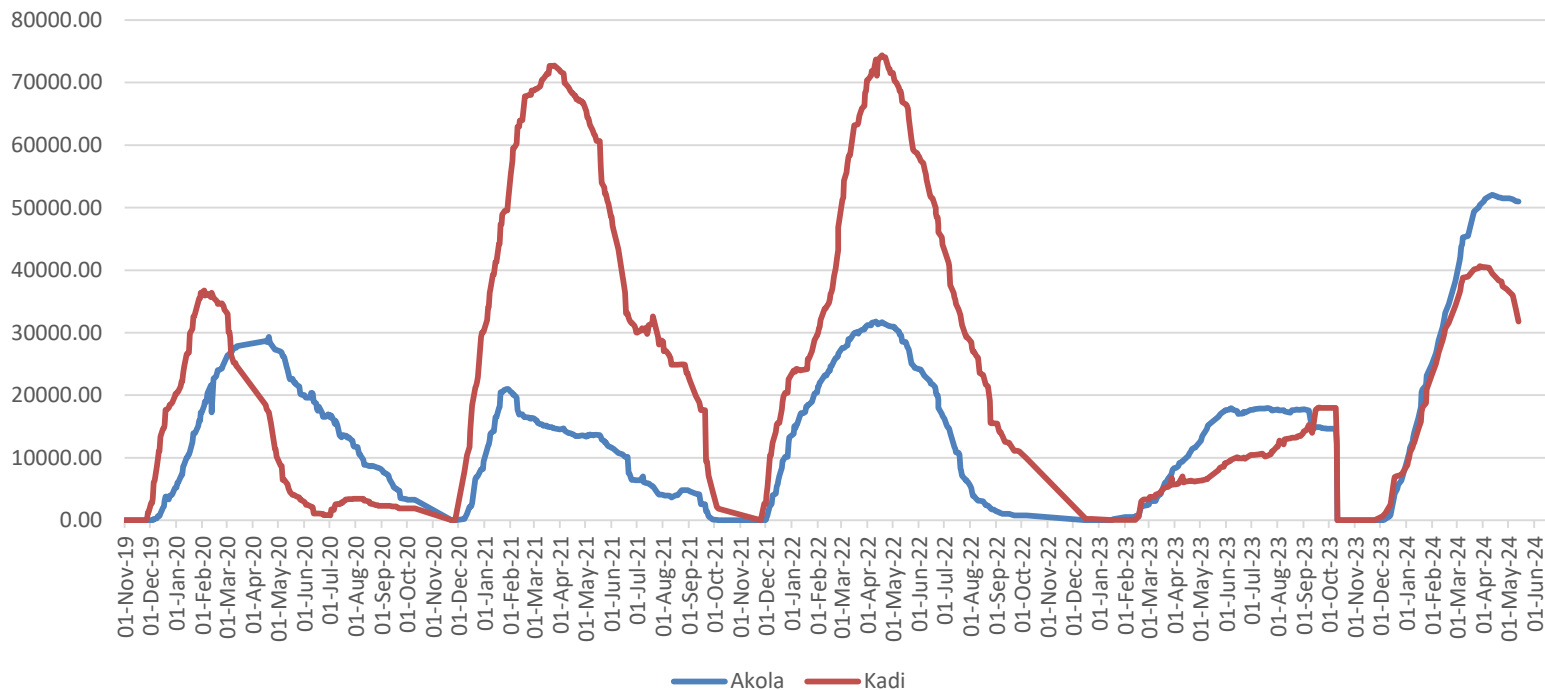
ADCs & its Premium/ Discount structure

Commodity Basis Center	Additional Delivery Center	Location Premium/ Discount (P/D)
Akola (COCUDAKL)	Kadi	No Premium

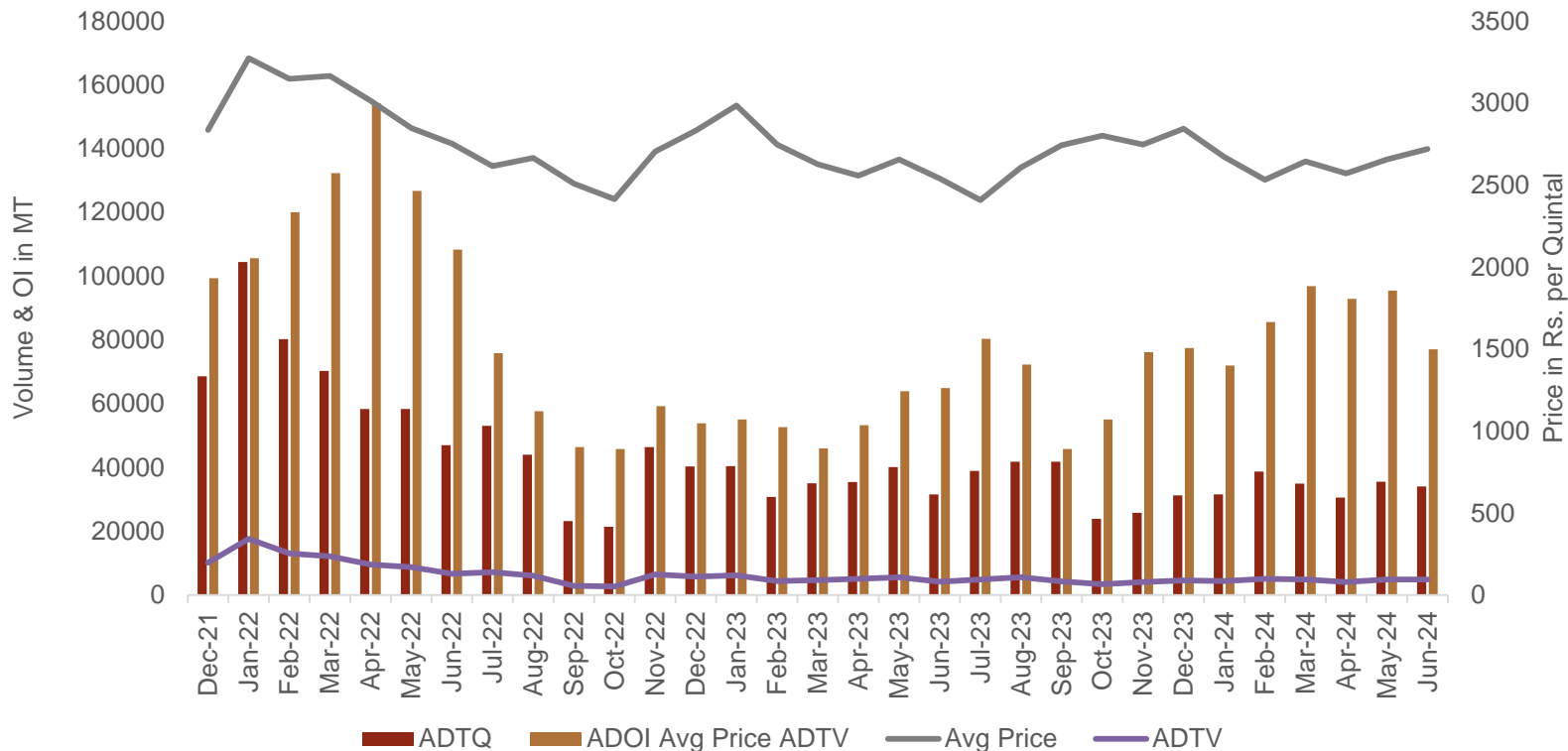
Cotton Arrivals Vs Cocud Deposit



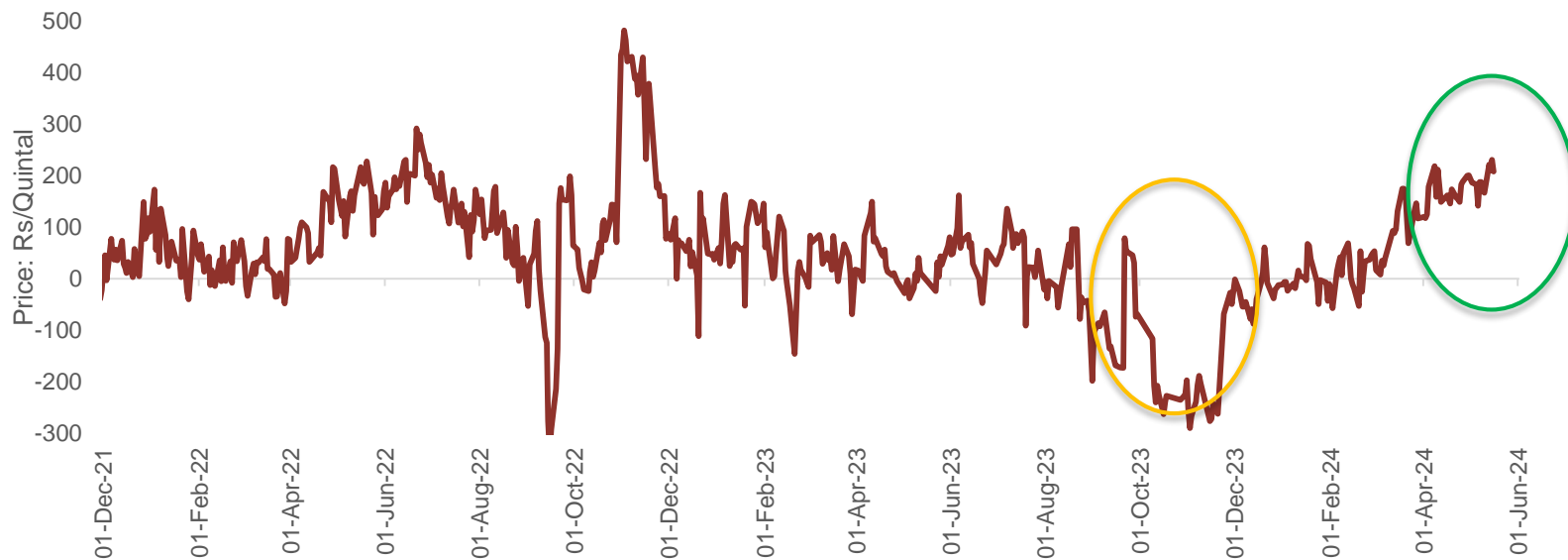
Deposit Akola Vs Kadi



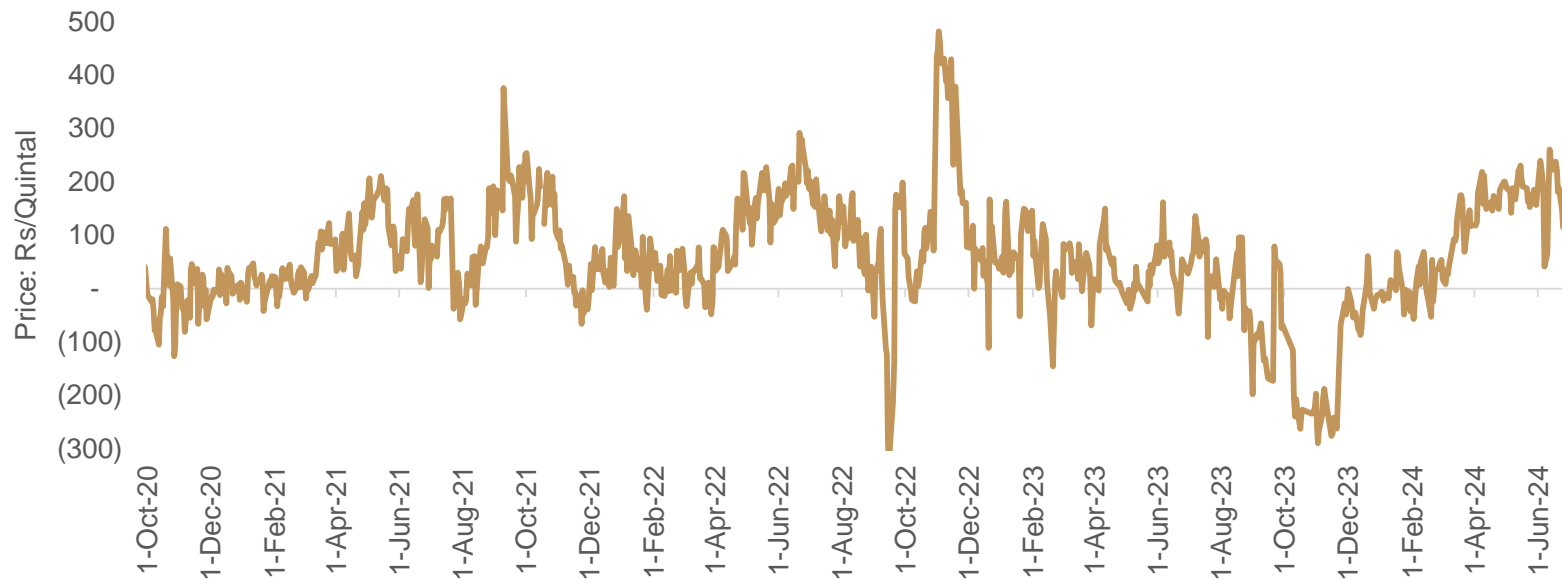
PVO: COCUD



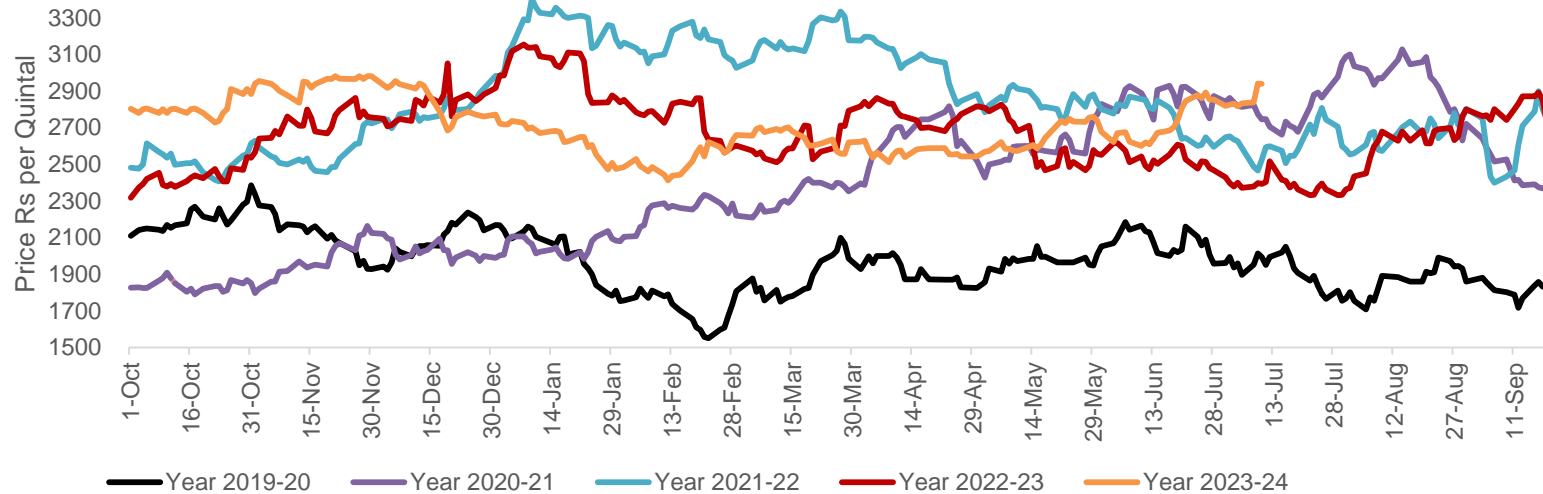
Cocud Basis Akola



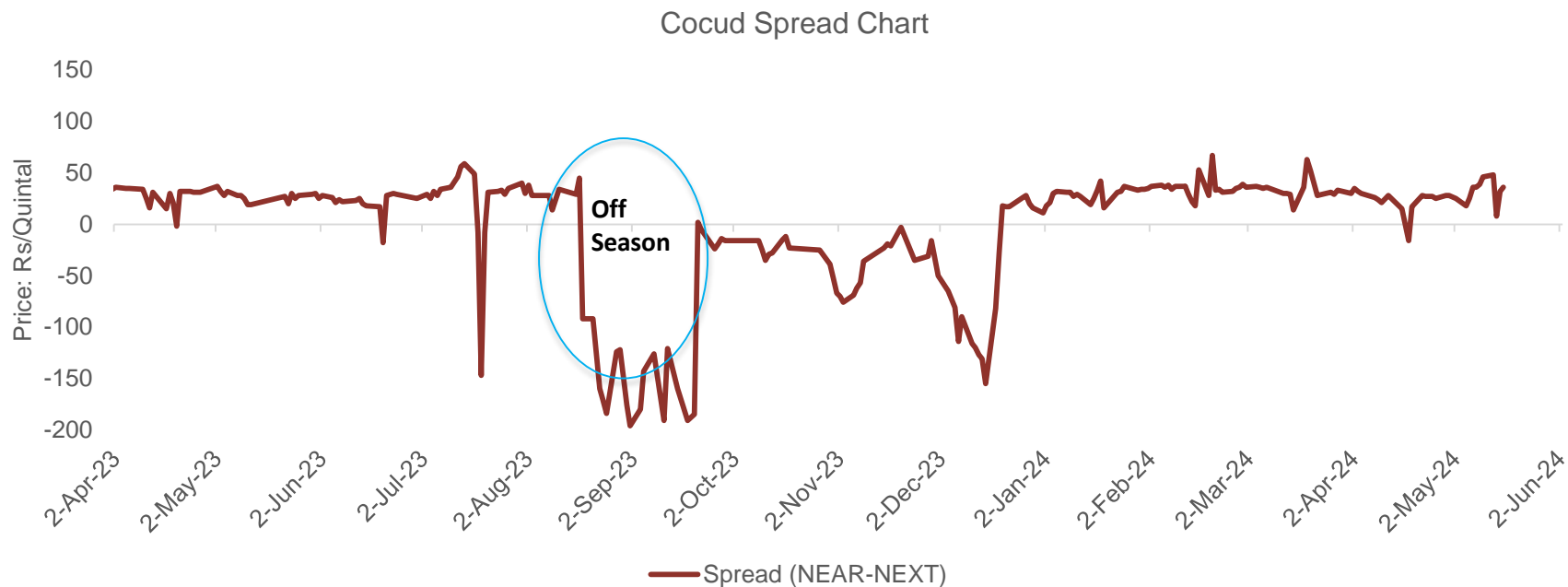
Cocud Basis Kadi



COCUD Seasonality Chart



Roll Over of hedge positions





KAPAS

PARAMETER	Kapas SPECIFICATIONS
Ticker Symbol	KAPAS
Unit of Trading	1 lot (200 maunds of 20 kg each i.e. 4 MT)
Basis	Rajkot (Exclusive of GST)
Delivery Logic	Intention Matching
Quotation/Base value	Rs. per 20 kg
Tick Size	50 paisa
Trading Months	November, February, and April
Position Limits	<p>Member-wise: 18,00,000 MT or 15% of market wide open interest in the commodity, whichever is higher, Client-wise: 1,80,000 MT</p> <p>For near month contracts</p> <p>Member-wise: 4,50,000 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher, Client-wise: 45,000 MT</p>

Continuous Launch Calendar

Contract Launch Month

Contract Expiry Month

November	November
February	February
April	April

Existing Mechanism of Spot Price Polling

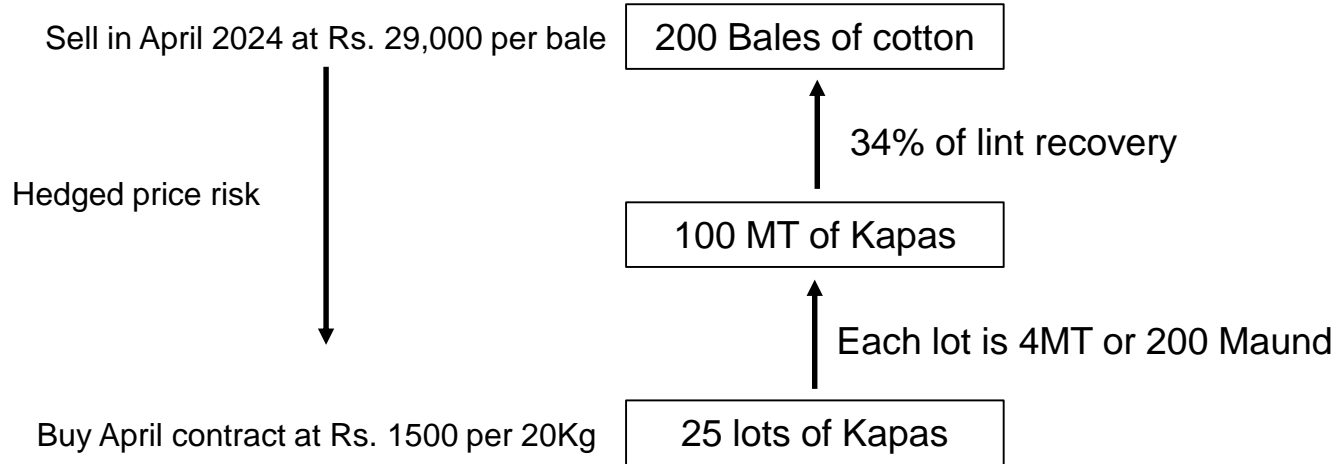
- Back calculation method using prices for Cotton bales (34% outturn) and Cotton seed (63.5%) and taking Rs. 102.94 (equivalent to Rs. 35 per 20 Kg Kapas) as ginning cost

Lint/ Bale & Seed	Kapas
Particulars	Amount
Price of Bale/Lint per bale of 170 Kg	27200
Price of Bale/Lint per candy	56972.03
price of Bale/Lint per 20 kg	3204.28
Ginning Cost	102.94
Price of Bale/Lint after ginning cost	3101.34
Recovery % of Lint	34.00
Revenue from Cotton Lint	1054.45
Price of Cotton Seed per 20 kg	690
Recovery % of Cotton Seed	63.50
Revenue from Cotton Seed	438.15
Price of Kapas (Raw Cotton) (20 Kg)	1492.60

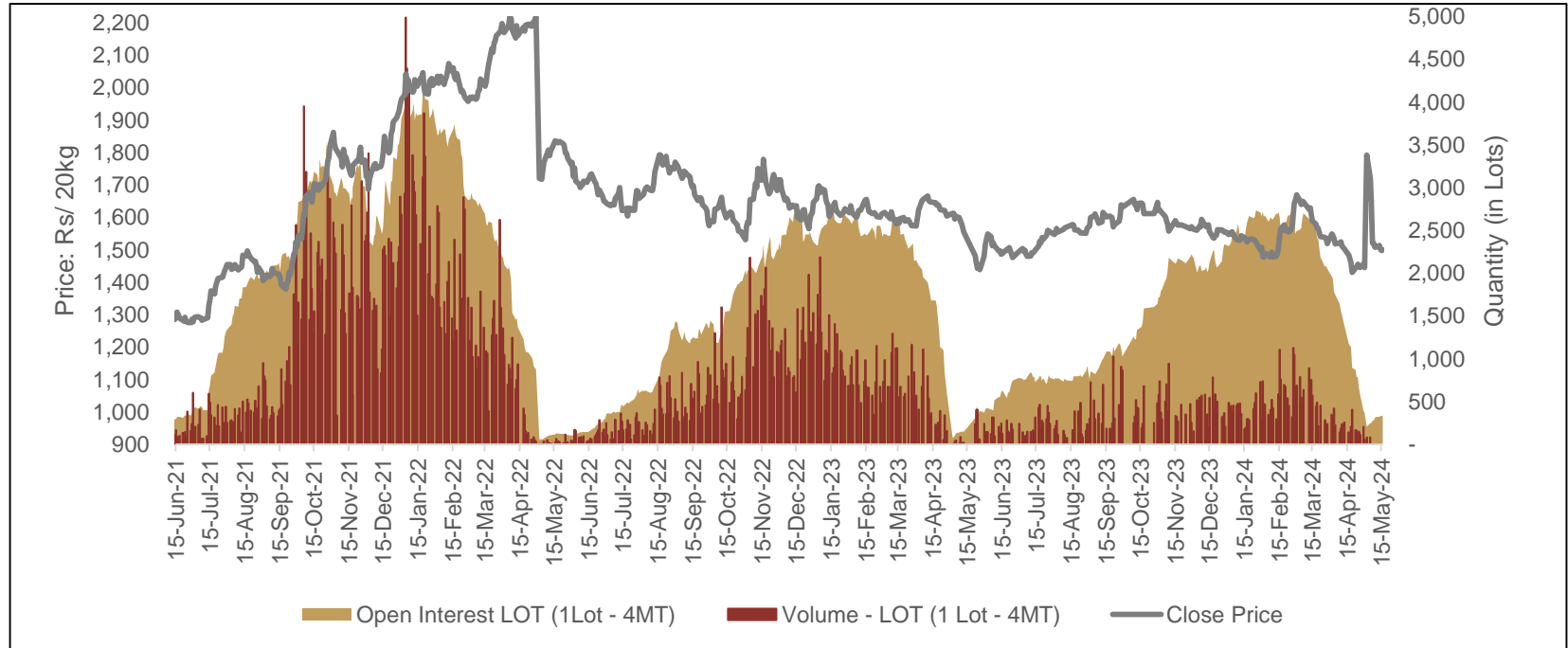
(Considering Rs. 35 ginning cost on 20 Kg Kapas)

1493

Risk Management by Ginners



Kapas PVO



New Development

- Working on Cotton washoil future contract
- OOF launched on Guar seed future's

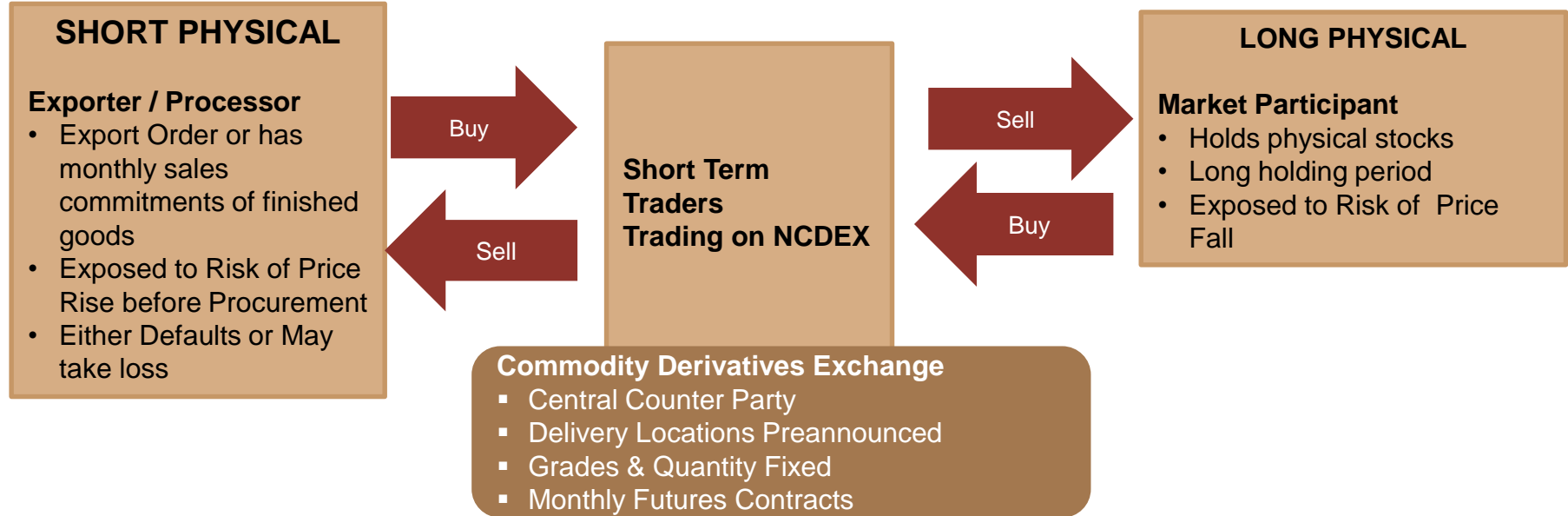


Thank You!



Price Risk, Hedging and Basis Risk

Hedging through Commodity Futures



Hedging Examples - Long Strategy

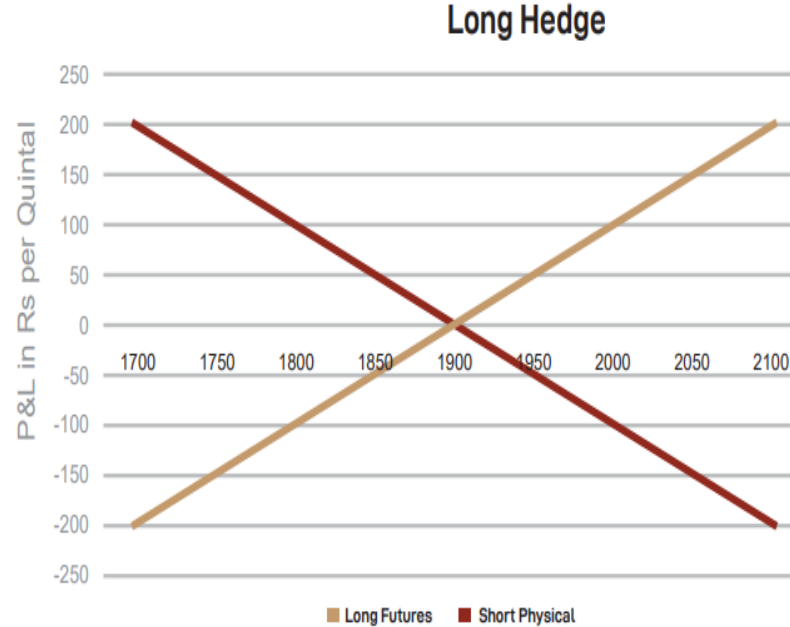
Processor/Hedger locks in the Cotton Seed Oilcake Futures price at Rs 1900/quintal for a long position,

Scenario 1:

If the price of Cotton Seed Oilcake decreases in the physical market, the gain in the physical market is offset by the loss in the Futures market.

Scenario 2:

If the price of Cotton Seed Oilcake increases in the physical market, the loss in the physical market is offset by the gain in the Futures market.



Hedging Examples - Short Strategy

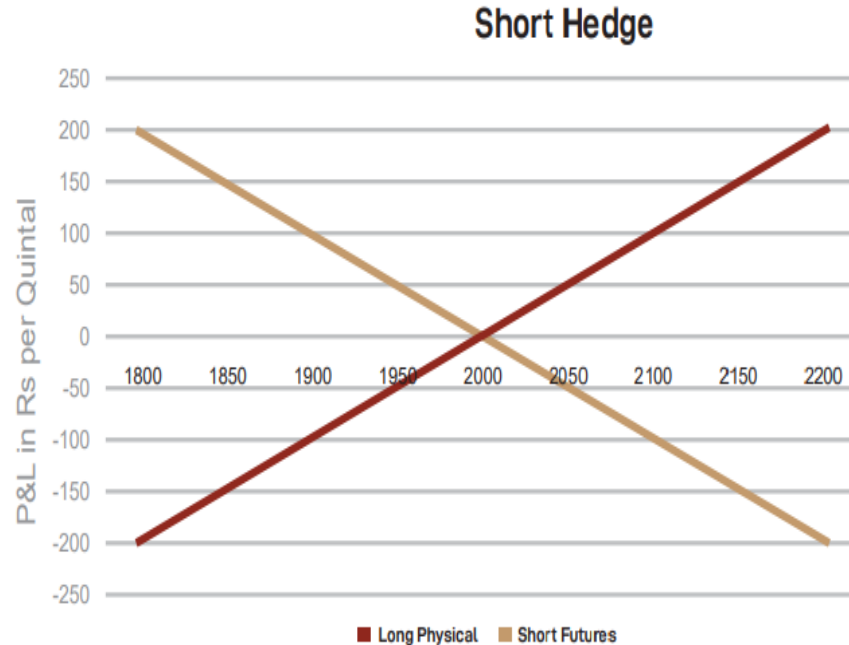
A miller locks in the Cotton Seed Oilcake Futures price at Rs. 2000/quintal for a short position,

Scenario 1:

If the price of Cotton Seed Oilcake decreases in the physical market, the loss in the physical market is offset by the gain in the Futures market.

Scenario 2:

If the price of Cotton Seed Oilcake increases in the physical market, the gain in the physical market is offset by the loss in the Futures market.



Interesting Facts - Cotton

- ❖ The word 'cotton' is Arabic in origin - 'Cotton' comes from the Arabic word 'Kutun' or 'Qutun,' which refers to any fine fabric.
- ❖ The global Cotton work force is huge - you support 100 million people from all four corners of the globe when you buy Cotton.
- ❖ Humans have used cotton fibers for thousands of years - Think 7000 years! It's use dates back to 5000 BC.
- ❖ Original Cotton crops came in many different colors - these earlier varieties yielded Tan, Red, Green, Pink, and Brown fibers. There was even a variety that produced Blue cotton fibers. Sadly, non-White or non-off-White Cotton varieties aren't commercially viable today because of the length of their fibers.

USPs of Kapas Futures

- Only Futures contract in Kapas available globally
- Best tool available to hedge lint & seed together
- Limited and long duration contracts facilitate long term hedging with lower expense in terms of roll over expense, etc.
- As handling physical kapas is tricky, this product allows to participate in the trade without getting into physical deliveries. Participants can hedge their price risk through Kapas Futures and can settle their physical trade in the physical market.
- Useful product for complete value chain participants of Cotton