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**Table of Contents**

<b>CHAPTER 1 - TRADING PARAMETERS</b> .....	<b>3</b>
Authority .....	3
Unit of Trading.....	3
Months Traded In .....	3
Tick Size.....	3
Basis Price .....	3
Unit for Price Quotation.....	3
Hours of Trading .....	3
Last Day of Trading.....	3
Mark to Market .....	3
Position Limits.....	3
Margin Requirements .....	4
Additional/Special Margin .....	4
Pre-Expiry Margin .....	4
Concentration Margin .....	4
Delivery Margin .....	5
Penalty for Default .....	5
Arbitration .....	5
Compliance of Laws .....	5
<b>CHAPTER 2 - DELIVERY PROCEDURES</b> .....	<b>7</b>
Unit of Delivery .....	7
Delivery Size .....	7
Delivery Requests .....	7
Delivery Allocation.....	7
Actual Delivery .....	7
Approved Warehouse .....	8
Description of Product Sugar .....	8
Quality Standards .....	8
Packaging .....	8
Standard Allowances.....	8
Weight .....	8
Good/ Bad delivery Norms .....	9
Sugar Sampling .....	9
Empanelled Assayer .....	9
Quality Testing Report.....	9
Testing Procedure.....	9
Assayer Certificate.....	10
Validity Period .....	10
Electronic Transfer .....	12
Charges .....	12
Duties & Levies .....	12
Stamp Duty .....	12
Taxes .....	12
Premium/ Discount .....	13
<b>CHAPTER 3 - CLEARING AND SETTLEMENT</b> .....	<b>14</b>
Daily Settlement .....	14
Daily Settlement Prices .....	14
Final Settlement Prices.....	14
Spot Prices.....	14
Dissemination of Spot Prices .....	14
Pay in and Pay out for Daily Settlement .....	15
Pay in and Pay out for final physical settlement .....	15

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<b>Tender Date -T .....</b>	<b>15</b>
<b>Expiry Date.....</b>	<b>15</b>
<b>Early Pay-in of Commodities .....</b>	<b>16</b>
<b>Supplementary Settlement for GST .....</b>	<b>16</b>
<b>Completion of Settlement on Exchange Platform .....</b>	<b>16</b>
<b>Exhibit 1 - Contract Specifications – Sugar (M Grade) futures contract.....</b>	<b>17</b>
<b>Exhibit 2 - Warehouse &amp; Assayer Address Details .....</b>	<b>25</b>
<b>Exhibit 3 - Good/Bad delivery norms for acceptance of commodity at warehouse.....</b>	<b>26</b>
<b>Exhibit 4 - Specimen of Sugar Testing Report.....</b>	<b>27</b>

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**CHAPTER 1 - TRADING PARAMETERS****Authority**

Trading in Sugar futures contracts may be conducted under such terms and conditions as specified in the Rules, Byelaws and Regulations of the Exchange and as per the circulars and notifications issued by the Exchange thereunder or the Securities and Exchange Board of India (SEBI) from time to time. The approval for futures trading in the Sugar futures contract specification is attached as **Exhibit 1**.

**Note:** Sugar M Grade and Sugar S Grade shall hereafter be collectively referred to as Sugar for the convenience of reading unless specifically referred otherwise.

**Unit of Trading**

The unit of trading shall be 10 MT. Bids and offers may be accepted in lots of 10 MT or in multiples of 10 MT thereof.

**Months Traded In**

Trading in Sugar futures may be conducted in the months as specified by the Exchange from time to time.

**Tick Size**

The tick size of the price of Sugar shall be Re. 1/-

**Basis Price**

The basis price of Sugar M Grade shall be Ex-warehouse Kolhapur exclusive of all taxes.

**Unit for Price Quotation**

The unit of price quotation for Sugar shall be in ₹ per Quintal. The basis for Sugar traded as Sugar M is Ex-warehouse Kolhapur exclusive of all taxes.

**Hours of Trading**

The hours of trading in Sugar futures contract shall be as follows:

Monday to Friday: 10:00 A.M. to 9.00 / 9.30\* P.M (\*during US day light saving period)

On the expiry date, contracts expiring on that day will not be available for trading after 5 p.m.

The Exchange may vary above timing with due notice.

All timings are as per Indian Standard Timings (IST)

**Last Day of Trading**

Last day of trading shall be 20<sup>th</sup> day of the delivery month, if 20<sup>th</sup> happens to be a holiday, a Saturday or a Sunday, then the due date shall be immediately preceding trading day of the Exchange.

**Mark to Market**

The outstanding positions in Sugar futures contract would be marked to market daily based on the Daily Settlement Price (DSP) as determined by the Exchange.

**Position Limits**

**Limit for aggregate contracts traded on all the Exchanges - applicable for all the contracts including position in expiry month:**

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**Member-wise:** 6,00,000 MT or 15% of market wide open interest in the commodity, whichever is higher.

**Client-wise:** 60,000 MT.

Bona fide hedger clients may seek exemption as per approved Hedge Policy of the Exchange notified vide Circular No. NCDEX/CLEARING-019/2016/246 dated September 28, 2016.

#### **For near month contracts**

The following limits would be applicable from 1<sup>st</sup> of every month in which the contract is due to expire. If 1<sup>st</sup> happens to be a non-trading day, the near month limits would start from the next trading day.

**Member-wise:** 1,50,000 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher.

**Client-wise:** 15,000 MT.

#### **Margin Requirements**

NCDEX will use Value at Risk (VaR) based margin calculated at 99% confidence interval for two day time horizon. NCDEX reserves the right to change, reduce or levy any additional margins including any markup margins.

For further details, participants can refer to circular no. NCDEX/RISK-039/2016/258 dated September 28, 2016.

#### **Additional/Special Margin**

In case of unidirectional price movement/ increased volatility, an additional/ special margin at such other percentage, as deemed fit by the Regulator/Exchange, may be imposed on the buy and the sell side or on either of the buy or sell sides in respect of all outstanding positions. Reduction/ removal of such additional/ special margins shall be at the discretion of the Regulator/ Exchange.

#### **Pre-Expiry Margin**

There will be an additional margin imposed for the last 11 trading days, including the expiry day of the Sugar contract. The additional margin will be added to the normal extreme loss margin and will be increased by 1.50% every day for the last 11 trading days including expiry day of the contract.

#### **Concentration Margin**

The Exchange shall levy Concentration Margin, when the overall market wide Open Interest (OI) of a commodity exceeds the specified Threshold Limit of Open Interest (OI) for that commodity.

For details, participants can refer to circular nos. NCDEX/RISK-015/2016/085 dated April 18, 2016 and NCDEX/RISK-039/2016/258 dated September 28, 2016. The Threshold Limit at present is 1,00,000 MT. The Threshold Limits, slabs and applicable margins are subject to change and participants are requested to refer to relevant Exchange circulars issued from time to time.

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### **Delivery Margin**

In case of positions materializing into physical delivery, delivery margins will be charged for each commodity to mitigate the risks arising thereof. The Delivery Margin shall be higher of 3% + 5 day 99% VaR of spot price volatility or 20% on the long and short positions marked for delivery till the pay-in is completed by the member.

For further details, participants can refer to circular no. NCDEX/RISK-015/2017/199 dated August 08, 2017.

### **Penalty for Default**

The penalty structure for failure to meet delivery obligations by the Sellers is as follows:

Total amount of penalty = 3.0 % of Settlement price + replacement cost (difference between settlement price and average of three highest of the last spot prices of 5 succeeding days after the **commodity pay-out date**, if the average price so determined is higher than settlement price, else this component will be zero).

The norms for apportionment of the 3.0 % penalty collected as mentioned above shall be as follows:

- a) 1.75 % of Settlement Price shall be deposited in the Settlement Guarantee Fund of the Exchange
- b) 0.25 % of Settlement Price shall be retained by the Exchange towards administrative expenses.
- c) 1 % of Settlement Price + replacement cost shall go to the Buyer who was entitled to receive delivery.

Buyer's defaults are not permitted. The amount due from the buyers shall be recovered from buyer as Pay-in shortage together with prescribed charges. Exchange shall have the right to sell the goods on account of such Buyer to recover the dues and if the sale proceeds are insufficient, the Buyer would be liable to pay the balance.

A Seller who has got the requisite stocks in the Exchange Approved warehouses is not allowed to default and any such delivery default by Seller would be viewed seriously and the Exchange shall take suitable penal / disciplinary action against such members over and above the prescribed penalty as enumerated above.

For further details, participants can refer to circular no. NCDEX/CLEARING-020/2016/247 dated September 28, 2016.

### **Arbitration**

Disputes between the member's inter-se of the Exchange and between members and constituents, arising out of or pertaining to trades done on NCDEX shall be settled through arbitration. The arbitration proceedings and appointment of arbitrators shall be as governed by the Bye-laws and Regulations of the Exchange.

### **Compliance of Laws**

It is clarified that it is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the Exchange, the commodity deposited / traded / delivered through the approved warehouses of Exchange either on their own or on behalf of them by any third party acting on behalf of the Market Participants/Constituents is in due compliance with the applicable regulations laid down by authorities like Food Safety Standard Authority of India (FSSAI),

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AGMARK, BIS, Warehousing Development and Regulatory Authority (WDRA), Orders under Packaging and Labelling etc. and also other State/Central laws and authorities issuing such regulations in this behalf from time to time, including but not limited to compliance of provisions and rates relating to Goods & Services Tax, APMC Tax, Mandi Tax, LBT, Stamp Duty, etc. as applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and the Exchange shall not be responsible or liable on account of any non-compliance thereof.

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**CHAPTER 2 - DELIVERY PROCEDURES****Unit of Delivery**

The unit of delivery for Sugar shall be 10 MT net.

**Delivery Size**

Delivery is to be offered and accepted in lots of 10 MT net or multiples of 10 MT thereof. A Quantity variation of +/- 5% is permitted as per contract specification.

**Delivery Requests**

The procedure for Sugar delivery is based on the contract specifications as per **Exhibit I**.

Upon Expiry (i.e. E) of the contracts all the outstanding open positions will result in compulsory delivery. That is, **“upon expiry of the contracts, any Seller with open position shall give delivery of the commodity. The corresponding buyer with open position as matched by the process put in place by the Exchange shall be bound to settle the transaction by taking physical delivery. In the event of default by the Seller to give delivery, such defaulting Seller will be liable to penalty as may be prescribed by the Exchange from time to time”**.

The penalty structure for failure to meet delivery obligations, is as per circular no. NCDEX/CLEARING-020/2016/247 dated September 28, 2016.

The delivery request for Sugar contracts will be on staggered basis where tender period would start on the 11<sup>th</sup> of every month in which the contract is due to expire. In case 11<sup>th</sup> happens to be a Saturday, a Sunday or a holiday at the Exchange, the tender period would start from the next working day. During the Tender period, if any delivery is tendered by seller, the corresponding buyer having open position and matched as per process put in place by the Exchange, shall be bound to settle by taking delivery from the delivery centre where the seller has delivered same.

The Buyers and the Sellers need to give their location preference through Web NCFE system provided by the Exchange. If the Sellers fail to give the location preference then the allocation to the extent of his open position will be allocated to the base location.

**Delivery Allocation**

The Exchange would then compile delivery requests received from members during the Tender period as specified in Exhibit 1. The buyers / sellers who have to receive / give delivery would be notified on the same day after the close of trading hours. Delivery of Sugar is to be accepted by buyers at the Approved warehouse where the seller affects delivery in accordance with the contract specifications. On expiry all outstanding position would be settled by giving / taking physical delivery.

**Actual Delivery**

Where Sugar is sold for delivery in a specified month, the Seller must have requisite electronic credit of such Sugar holding in his Clearing Member's Pool Account before the scheduled date of pay in. On settlement, the Buyer's Clearing Member's Pool Account would be credited with the said delivery quantity on pay out. The Clearing Member is expected to transfer the same to the Buyer's COMTRACK account. The Buyer may withdraw the Sugar received physically from the warehouse by submitting withdrawal

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request to their Comtrack Participant (CP) and take physical delivery of Sugar from the warehouse before Exchange Deliverable Date (EDD)

### Approved Warehouse

Receipt and delivery of Sugar will be undertaken only at the approved warehouses of the Exchange. NCDEX has approved warehouses for receipt and delivery of Sugar. Sugar will be received and delivered only from the NCDEX Approved warehouse. The details of the NCDEX Approved warehouses are as mentioned in **Exhibit 2**.

The Sugar received at the NCDEX Approved warehouse will be tested and certified by NCDEX empanelled Assayer as appointed by the Warehouse Service Provider (WSP) before acceptance as good delivery in the warehouse. Likewise, Sugar delivered to Buyers will be from the Approved warehouse only.

### Description of Product Sugar

Plantation White Sugar (commonly known as Sugar) means the crystallised product obtained from Sugarcane or Sugar beet.

### Quality Standards

The contract quality for delivery of Sugar futures contracts made under NCDEX Regulations shall be Sugar conforming to the quality specification indicated in the contract specification as per **Exhibit I**. No lower grade/quality shall be accepted in satisfaction of futures contracts for delivery except as and to the extent provided in the contract specifications.

### Packaging

Sugar should be delivered in 50 KGs net basis in new A Twill Bags / PP bags or 100 KGs net new A Twill Bags / new Jute bags. A Twill bags of 50 KGs or 100 KGs should carry a liner also. The tare weight of the Sugar 50 kg PP/Jute empty bag shall be considered 160/650 grams per bag and for 100 KG Jute bag tare weight shall be considered 1 KG. The compliance of orders pertaining to packaging and labeling in respect of Sugar as may be issued by the relevant authority of the government (State or Central) shall be the sole responsibility of the participants. During deposits of Sugar tare weight of few bags selected randomly will be verified.

### Standard Allowances

Standard allowance deducted on account of sample testing and spillage per validation of quality will be 0.0667%.

### Weight

The quantity of Sugar received and/or delivered at the NCDEX Approved warehouse would be determined /calculated as follows

Lesser of the following shall be credited as weight:

- Quantity determined by the weighbridge/weigh scale at the premises of the Approved warehouse.
- Weight equivalent to number of bags.

Weight equivalent = no. of bags x weight of one bag (50 Kg/100Kg)

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At time of outbound minimum number of bags given against input credit shall be equivalent to weight in COMTRACK. Buyer will get weight as per COMTRACK credit as well as minimum number of bags equivalent to weight.

Minimum number of Bags = COMTRACK weight/ weight of one bag (50 Kg/100Kg)

The quantity so determined would be binding on all parties. The total weight of the lot deposited will be considered as good delivery if it falls into quantity variation allowed under contract specifications. However, the buyer must take actual physical delivery of Sugar before the validity date as indicated in the quality test report/ Assayer's Certificate. Reference may be had to Circular no. NCDEX/OPERATIONS-047/2007/158 dated June 22, 2007.

### Good/ Bad delivery Norms

Sugar delivery into NCDEX Approved Warehouse would constitute good delivery or bad delivery based on the good / bad delivery norms as per **Exhibit 3**. The list contained in **Exhibit 3** is only illustrative and not exhaustive. NCDEX would from time to time review and update the good / bad delivery norms retaining the trade / industry practices.

### Sugar Sampling

1. Sampling from 100% of the bags. Samples are to be taken from three different places in a bag.

Composite sample taken from the running sample as indicated in para 1 above. This is then divided into 4 parts

These samples will be distributed as under:

- One sample to Depositor
- One sample to Warehouse service provider
- One sample for Analysis by assayer
- One sample for record with assayer

### Empanelled Assayer

NCDEX has empanelled the Assayers for quality testing and certification of Sugar received at the Approved warehouse. The quality testing and certification of Sugar will be undertaken only by the empanelled Assayer as appointed by the warehouse service provider. The assayer details are given in the **Exhibit 2** alongside the warehouses.

### Quality Testing Report

The test report issued by the Sugar testing laboratory on the samples drawn shall be acceptable and binding on all parties. A specimen format of the quality testing report is indicated in **Exhibit 4**.

### Testing Procedure

Grain Size Group Designation	Retained on Sieve	Cumulative Percent Retained By Mass, Min
<b>M</b>	1.18 mm	85
	600 micron	95
	425 micron	99

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<b>S</b>	600 micron	70
	300 micron	95
	212 micron	99

Sugar will be tested by IS 498-2003 for grain size, IS 15279: 2003 for moisture and ICUMSA-GS9/1/2/3.

#### Assayer Certificate

Testing and quality certificate issued by NCDEX empanelled Assayer for Sugar delivered at Approved warehouses or Seller's warehouse in Kolhapur, Belgaum, Delhi, Kolkata, Erode, Pune, Sangli and Solapur and at such other locations announced by the Exchange from time to time shall be acceptable and binding on all parties. Each delivery of Sugar at the warehouse must be accompanied by a certificate from Assayer in the format as per **Exhibit 4**.

#### Validity Period

The production season for Sugar is considered as October to September. Exchange has introduced crop year reference in the contract from January 2009 contract. Please refer to circular number NCDEX/TRADING-075/2008/185 dated August 9, 2008 and NCDEX/TRADING-126/2008/289 dated December 24, 2008. The validity period of the Assayer's Certificate for Sugar deposited in Exchange approved warehouse is as per the following table.

For Sugar (Sugar of current production year) for Kolhapur, Pune, Sangli, Solapur, Belgaum, Erode and Delhi delivery centers:

Months of Deposit /Date of entry & completion of assaying by warehouse in system (Jan –Dec)*	Deliverable period from the date of Fresh Deposit (no. of months)	Validity period at the time of fresh deposit (no. of months)
January	5	5
February	4	4
March	4	4
April	4	4
May	4	4
June	4	4
July	4	4
August	4	4
September	4	4
October	6	6
November	6	6
December	6	6

\*20<sup>th</sup> of previous month to 19<sup>th</sup> of the current month as mentioned in the table above

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For Sugar (Sugar of current production year) for Kolkata delivery center:

<b>Months of Deposit /Date of entry &amp; completion of assaying by warehouse in system (Jan –Dec)</b>	<b>Deliverable period from the date of Fresh Deposit (no. of months)</b>	<b>Validity period at the time of fresh deposit (no. of months)</b>
January	4	4
February	4	4
March	4	4
April	4	4
May	4	4
June	4	4
July	4	4
August	4	4
September	4	4
October	4	4
November	4	4
December	4	4

\*20<sup>th</sup> of previous month to 19<sup>th</sup> of the current month as mentioned in the table above

For Sugar (Sugar of Old production year) for Kolhapur, Pune, Sangli, Solapur, Belgaum, Erode, Delhi and Kolkata delivery centers:

<b>Months of Deposit /Date of entry &amp; completion of assaying by warehouse in system (Jan –Dec)</b>	<b>Deliverable period from the date of Fresh Deposit (no. of months)</b>	<b>Validity period at the time of fresh deposit (no. of months)</b>
January	0	0
February	0	0
March	0	0
April	0	0
May	0	0
June	0	0
July	0	0
August	0	0
September	0	0
October	3	3
November	2	2
December	1	1

20<sup>th</sup> of previous month to 19<sup>th</sup> of the current month as mentioned in the table above

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The stock of Sugar deposited in the Exchange Approved warehouses shall necessarily be removed after the Exchange Deliverable Date (EDD) as indicated above and continuation of the storage beyond EDD shall be entirely a private arrangement between the Warehouse and the depositor/beneficiary holder. The Exchange shall not be responsible in any manner whatsoever for those stocks which have not been received by any Buyer through an immediate preceding settlement on the Exchange platform and for those stocks which have crossed the EDD.

### **Electronic Transfer**

Any Buyer or Seller receiving and or effecting delivery of Sugar would have to open a COMTRACK account with an NCDEX empanelled COMTRACK Participant (CP) to hold the Sugar in electronic form. On settlement, the Buyer's account with the CP would be credited with the quantity of Sugar received and the corresponding Seller's account would be debited. The Buyer wanting to take physical delivery of the Sugar holding has to make a request in prescribed form to his CP with whom COMTRACK account has been opened. The CP would route the request to the warehouse for issue of the physical commodity i.e. Sugar to the Buyer and debit his account, thus reducing the electronic balance to the extent of Sugar so withdrawn.

### **Charges**

All charges and costs payable at the Approved warehouse towards delivery of Sugar including sampling, grading, weighing, handling charges, storage etc., from the date of receipt into Approved warehouse up to date of pay in and settlement shall be paid by the Seller. No refund for warehouse charges paid by the Seller for full validity period shall be given to the Seller or Buyer for delivery earlier than the validity period. All charges and costs associated and including storage, handling etc. after the payout shall be borne by the buyer. Warehouse storage charges will be charged to the member / client by the respective COMTRACK Participant. The Assayer charges for testing and quality certification should be paid to the Assayer directly at the delivery location either by cash / cheque / demand draft.

### **Duties & Levies**

All duties, taxes, levies etc. up to the point of sale will have to be fully borne by the Seller and shall be paid to the concerned authority. All related documentation should be completed before delivery of Sugar into the NCDEX Approved warehouse.

### **Stamp Duty**

Stamp duty is payable on all contract notes issued as may be applicable in the State from where the contract note is issued or State in which such contract note is received by the client whichever is higher.

### **Taxes**

#### **Goods and Services Tax (GST):**

On services rendered by Members:

GST shall be payable by the members on the gross amount charged by them, from their clients on account of dealing in commodities.

On Deliveries effected on the Exchange:

GST on the deliveries effected on the Exchange Platform as the case may be would be applicable on the delivered commodities and a buyer on the Exchange platform shall make payment to his corresponding

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seller the value of GST payable by buyer on the commodities received by the seller in the Exchange settlement. The buyer and the seller shall be responsible for fulfillment of the obligations under the GST act on all contracts. The seller shall issue appropriate invoices to his corresponding buyer as may be required under the GST Act. The seller is required to remit the GST amount so collected/received from the buyer wherever applicable to the GST authorities within such time frame as may be prescribed under the GST Rules. Members and / or their constituents requiring to receive or deliver Sugar should register themselves with the relevant GST authorities of the place where the delivery is proposed to be received / given. In the event of any GST exemptions, such exemption certificate as may be required under the GST law would have to be issued/provided to his seller before the settlement of the obligation.

All Members and / or their constituents are required to adhere to the requirements under the GST act and the Rules made thereunder including the notifications issued by the Central or State Government and must have valid GST registration in place for transacting in physical deliveries and also comply with the requirements under the GST Act.

The taxes payable on the commodity contracts shall be governed by the relevant Govt. legislations and notifications issued by the State or the Central Govt. from time to time and the buyer and seller is responsible to comply with the tax laws as applicable to the commodity.

#### **Premium/ Discount**

Premium and Discount on the Sugar delivered will be provided by the Exchange on the basis of quality specifications.

It can be noted as under:

#### **Sugar M Grade**

M grade sugar with ICUMSA  $\leq 150$  could be accepted as good delivery but with no premium. Sugar with ICUMSA more than 150 shall be rejected.

#### **Sugar S Grade**

S grade sugar with ICUMSA  $\leq 150$  could be accepted as good delivery but with no premium. Sugar S with ICUMSA more than 150 shall be rejected.

#### **Cross Deliveries of S grade Sugar in Sugar M contracts with Premium/discounts:**

S grade sugar will be deliverable in Sugar-M contracts with suitable premiums/discounts. The Premium/discount would be announced before the launch of the contracts.

Deposit of Sugar M and Sugar S for delivery in sugar contracts should be accompanied by corresponding Excise Duty paid invoice as applicable which shall also contain required details of sugar mill and crushing season. A copy of such receipt duly attested by the depositor will be retained by the warehouse service provider for records.

Location Premium/ Discount will be notified by the Exchange from time to time.

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**CHAPTER 3 - CLEARING AND SETTLEMENT**
**Daily Settlement**

All open positions of a futures contract would be settled daily based on the Daily Settlement Price (DSP).

**Daily Settlement Prices**

The Daily Settlement Price (DSP) will be as disseminated by the Exchange at the end of every trading day. The DSP will be reckoned for marking to market all open positions.

**Final Settlement Prices**

The Final Settlement Price (FSP) will be determined by the Exchange upon maturity of the contract. All open positions on the expiry day of the contract would result in compulsory delivery.

FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., E0 (expiry day), E-1 and E-2. In the event the spot price for any one or both of E- 1 and E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:

Scenario	Polled spot price availability on				FSP shall be simple average of last polled spot prices on:
	E0	E-1	E-2	E-3	
1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2
2	Yes	Yes	No	Yes	E0, E-1, E-3
3	Yes	No	Yes	Yes	E0, E-2, E-3
4	Yes	No	No	Yes	E0, E-3
5	Yes	Yes	No	No	E0, E-1
6	Yes	No	Yes	No	E0, E-2
7	Yes	No	No	No	E0

The Settlement Price for any delivery allocation during staggered period (i.e. up to one day prior to expiry) would be the last available spot price displayed by the Exchange for the respective contract.

**Spot Prices**

NCDEX will announce / disseminate spot prices for Sugar relating to the designated delivery center and specified grade/ quality parameters determined through the process of polling a set of market participants representing different segments of the value chain such as traders, importers / exporters, processors etc.

The polled prices shall be input to a normalizing algorithm (like 'bootstrapping' technique) to arrive at a representative, unbiased and clean 'benchmark' spot price for Sugar. The security of data and randomness of polling process will ensure transparency and correctness of prices. The Exchange has absolute right to modify the process of determination of spot prices at any time without notice.

**Dissemination of Spot Prices**

Spot prices for Sugar will be disseminated on daily basis on availability.

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**Pay in and Pay out for Daily Settlement**

The table below illustrates timings for pay in and pay out in case of daily settlement. The buyer clients would have to deposit requisite funds with their respective Clearing Member before “pay in”.

All fund debits and credits for the Member would be done in the Member’s Settlement Account with the Clearing bank.

<b>Time (E+1)</b>	<b>Activity</b>
On or before 9.30 hrs	PAYIN – Debit paying member a/c for funds
After 13.00 hrs	PAYOUT – Credit receiving member a/c for funds

**Pay in and Pay out for final physical settlement**

The table below illustrates timings for pay in and pay out in case of positions marked for physical settlement. The buyers / sellers would have to deposit requisite funds / Sugar with their respective Clearing member before “pay in”.

<b>Pay in and Pay out for Final Settlement in case of physical deliveries</b>	
<b>Time (T/E+2)</b>	<b>Activity</b>
On or before 12.00 hrs	<b>PAYIN</b> <ul style="list-style-type: none"> <li>- Debit Buyer Member Settlement a/c for funds</li> <li>- Debit Seller Member’s CM Pool Account for Sugar</li> </ul>
After 14.30 hrs	<b>PAYOUT</b> <ul style="list-style-type: none"> <li>- Credit Seller Member Settlement a/c for funds</li> <li>- Credit Buyer Member’s CM Pool Account for Sugar</li> </ul>

**Tender Date -T**
**Tender period:**

The tender period shall start on the 11<sup>th</sup> of every month in which the contract is due to expire. In case 11<sup>th</sup> happens to be a Saturday, a Sunday or a holiday at the Exchange, the tender period would start from the next working day.

**Pay-in and Pay-out:** on a T+2 basis. If the tender date is T then, pay-in and pay-out would happen on T + 2 day. If such a T + 2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, clearing banks or any of the service providers, Pay-in and Pay-out would be effected on the next working day.

**Expiry Date**

20<sup>th</sup> day of the delivery month. If 20<sup>th</sup> happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange

The settlement of contract would be by a staggered delivery system of Pay-in and Pay-out including last Pay-in and pay-out which would be the Final Settlement of the contract.

Additionally the supplemental settlement for Sugar futures contracts for premium / discount adjustments relating to quality of Sugar delivered, actual quantity delivered and close out for shortages, will also be conducted on the same day. Clearing Members are required to maintain adequate fund balances in their respective accounts.

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<b>Pay in and Pay out for supplemental settlement</b>	
<b>Time (T/E + 2)</b>	<b>Activity</b>
On or before 15.00 hours	PAY IN - Debit Member Settlement a/c for funds
After 15.00 hours	PAY OUT – Credit Member Settlement a/c for funds

### **Early Pay-in of Commodities**

Members can make an early pay-in of commodities to get exemption from the applicable pre-expiry and delivery margin and the same would be considered for the purpose of adjustment against their settlement obligations. The member shall mark EPI using the NCFE web application. The user guide for the same is available for download under:-

NCFE Menu: Downloads-> Download files-> Under User Manual folder-> EPI user guide

For further details, refer circular no. NCDEX/CLEARING-022/2016/268 dated October 05, 2016.

### **Supplementary Settlement for GST**

The Exchange will conduct a separate supplementary settlement, as illustrated below, three days after normal pay out for completion of GST transactions on deliveries effected by a buyer and seller on the Exchange platform.

In order to facilitate issue of GST invoice to right parties, the buyer Clearing Members are required to give the buyer client details to the Exchange latest by 15.00 hrs on T/E+3 day failing which the Buying member is considered as the end buyer and accordingly invoice is issued in his/their name.

The Seller Clearing Members are required to give the Seller client details to the Exchange latest by 15.00 hrs on T/E + 4 day.

The amounts due to the above differences will be debited / credited to Member's clearing bank account similar to normal settlement.

<b>Pay in and Pay out for GST</b>	
<b>Time (T/E+5)</b>	<b>Activity</b>
On or before 11.00 hours	PAY IN: Debit Buyer Member Settlement a/c for funds.
After 11.00 hours	PAY OUT: Credit Seller Member Settlement a/c for funds.

It is clarified that the procedure for Supplementary Settlement for GST shall continue to be the same as notified by the Exchange circular number NCDEX/CLEARING-001/2008/002 issued on January 04, 2008. Further, in the said circular wherever the word Sales Tax and VAT appears the same may be replaced and read as Goods and Services Tax (GST).

### **Completion of Settlement on Exchange Platform**

The settlement obligations on the Exchange platform shall be deemed to be completed as per the provisions of the Rules, Bye-laws and Regulations of the Exchange and the circulars issued by the Exchange thereunder from time to time.

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**Exhibit 1 - Contract Specifications – Sugar (M Grade) futures contract**

(Applicable for contracts expiring in the months of October 2017 and thereafter)

(Updated on October 05, 2017)

<b>Type of Contract</b>	Futures Contract	
<b>Name of commodity</b>	Sugar (M Grade)	
<b>Ticker Symbol</b>	SUGARM	
<b>Trading System</b>	NCDEX Trading System	
<b>Basis</b>	Ex-warehouse Kolhapur Exclusive of all taxes	
<b>Unit of Trading</b>	10 MT	
<b>Delivery Unit</b>	10 MT	
<b>Maximum Order Size</b>	500 MT	
<b>Quotation/Base Value</b>	Rs./quintal	
<b>Tick Size</b>	Re 1	
<b>Quality Specification</b>	Sugar in crystal form manufactured by vacuum pan method with:	
	Moisture	0.08% Max
	Polarisation(Sucrose)	99.80% Min
	ICUMSA	< or =150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book
	Grade	M
	Grain Size	Medium with > or = 85% retention on 1.18 mm sieve size as determined by the methods prescribed in IS:498-2003
	Sulphur Dioxide	70 ppm maximum
	Dirt, Filth, Iron filings, and Added Colouring matter	It shall be free from dirt, filth, iron filings, and added colouring matter
	Extraneous matter	Extraneous matter shall not exceed 0.1 per cent by weight
	Crop Year Reference	<b>Till December expiry contract:</b> Production of the last crushing season is allowed in addition to current crop. <b>From March expiry contract:</b> Production of only current crushing season is allowed.
<b>Quantity Variation</b>	+/- 5%	
<b>Delivery Center</b>	Kolhapur (up to 100 km from municipal limits)	
<b>Additional delivery centers</b>	Erode, Belgaum, Delhi, Kolkata, Pune, Sangli and Solapur (Within a radius of 100 km from municipal limits) Location Premium/Discount as notified by the Exchange from time to time.	

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<b>Hours of Trading</b>	<p>As notified by the exchange from time to time, currently- Mondays through Fridays:          10:00 AM to 9.00 p.m. / 9.30p.m.* (*during US day light saving period)          On the expiry date, contracts expiring on that day will not be available for trading after 5 p.m.          The Exchange may vary the above timing with due Notice</p>																		
<b>Delivery Logic</b>	Compulsory Delivery																		
<b>Also Deliverable</b>	<p>Sugar S of the following Specification:</p> <table border="1" data-bbox="574 506 1412 1251"> <tr> <td>Moisture</td> <td>0.08%Max</td> </tr> <tr> <td>Polarisation(Sucrose)</td> <td>99.80% Min</td> </tr> <tr> <td>ICUMSA</td> <td>&lt; or = 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book</td> </tr> <tr> <td>Grade</td> <td>S</td> </tr> <tr> <td>Grain Size</td> <td>Small with &gt; or = 70% retention on 600 micron sieve size as determined by the methods prescribed in IS:498-2003</td> </tr> <tr> <td>Sulphur Dioxide</td> <td>70 ppm maximum</td> </tr> <tr> <td>Dirt, Filth, Iron filings, and Added Colouring matter</td> <td>It shall be free from dirt, filth, iron filings, and added colouring matter</td> </tr> <tr> <td>Extraneous matter</td> <td>Extraneous matter shall not exceed 0.1 per cent by weight</td> </tr> <tr> <td>Crop Year Reference</td> <td> <b>Till December expiry contract:</b>            Production of the last crushing season is allowed in addition to current crop  <b>From March expiry contract:</b>            Production of only current crushing season is allowed.         </td> </tr> </table> <p>The premium/discount would be announced before the launch of the contracts.</p>	Moisture	0.08%Max	Polarisation(Sucrose)	99.80% Min	ICUMSA	< or = 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book	Grade	S	Grain Size	Small with > or = 70% retention on 600 micron sieve size as determined by the methods prescribed in IS:498-2003	Sulphur Dioxide	70 ppm maximum	Dirt, Filth, Iron filings, and Added Colouring matter	It shall be free from dirt, filth, iron filings, and added colouring matter	Extraneous matter	Extraneous matter shall not exceed 0.1 per cent by weight	Crop Year Reference	<b>Till December expiry contract:</b> Production of the last crushing season is allowed in addition to current crop <b>From March expiry contract:</b> Production of only current crushing season is allowed.
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<b>Final Settlement Price</b>	<p>FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., E0 (expiry day), E-1 and E-2. In the event the spot price for any one or both of E- 1 and E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:</p> <table border="1" data-bbox="574 1608 1276 1839"> <thead> <tr> <th rowspan="2">Scenario</th> <th colspan="4">Polled spot price availability on</th> <th rowspan="2">FSP shall be simple average of last polled spot prices on:</th> </tr> <tr> <th>E0</th> <th>E-1</th> <th>E-2</th> <th>E-3</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Yes</td> <td>Yes</td> <td>Yes</td> <td>Yes/No</td> <td>E0, E-1, E-2</td> </tr> </tbody> </table>	Scenario	Polled spot price availability on				FSP shall be simple average of last polled spot prices on:	E0	E-1	E-2	E-3	1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2		
Scenario	Polled spot price availability on				FSP shall be simple average of last polled spot prices on:														
	E0	E-1	E-2	E-3															
1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2														

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	2	Yes	Yes	No	Yes	E0, E-1, E-3
	3	Yes	No	Yes	Yes	E0, E-2, E-3
	4	Yes	No	No	Yes	E0, E-3
	5	Yes	Yes	No	No	E0, E-1
	6	Yes	No	Yes	No	E0, E-2
	7	Yes	No	No	No	E0
<b>Opening of Contracts</b>	Trading in new contract will open on the 1 <sup>st</sup> day of the month in which near month contract is due to expire. If the 1 <sup>st</sup> day happens to be a non-trading day, contracts would open on the next trading day					
<b>Tender Period</b>	<p>Tender Date –T</p> <p>Tender Period: The tender period shall start on 11<sup>th</sup> of every month in which the contract is due to expire. In case 11<sup>th</sup> happens to be a Saturday, a Sunday or a holiday at the Exchange, the tender period would start from the next working day.</p> <p>Pay-in and Pay-out:</p> <p>On a T+2 basis. If the tender date is T, then pay-in and pay-out would happen on T+2 day (excluding Saturday). If such a T+2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, clearing banks or any of the service providers, pay-in and pay-out would be effected on the next working day.</p>					
<b>Closing of contract</b>	<p>Clearing and settlement of contracts will commence with the commencement of Tender Period by compulsory delivery of each open position tendered by the seller on T + 2 to the corresponding buyer matched by the process put in place by the Exchange.</p> <p>Upon the expiry of the contract all the outstanding open position shall result in compulsory delivery.</p>					
<b>Due date/Expiry date</b>	<p>Expiry date of the contract:</p> <p>20<sup>th</sup> day of the delivery month. If 20<sup>th</sup> happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange, which is other than a Saturday.</p> <p>The settlement of contract would be by a staggered system of Pay-in and Pay-out including the Last Pay- in and Pay-out which would be the Final Settlement of the contract.</p>					
<b>Delivery Specification</b>	<p>Upon expiry of the contracts all the outstanding open positions shall result in compulsory delivery.</p> <p>During the Tender period, if any delivery is tendered by seller, the corresponding buyer having open position and matched as per process put in place by the Exchange, shall be bound to settle by taking delivery on T + 2 day from the delivery centre where the seller has delivered same.</p> <p>The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/CLEARING-020/2016/247 dated September 28, 2016.</p>					

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<b>No. of active contracts</b>	As per Launch Calendar
<b>Daily Price Limit (DPL)</b>	<p>Daily price limit is (+/-) 3%. Once the 3% limit is reached, then after a period of 15 minutes this limit shall be increased further by 1%. The trading shall be permitted during the 15 minutes period within the 3% limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.</p> <p>The DPL on the launch (first) day of new contract shall be as per the circular no. NCDEX/RISK-034/2016/209 dated September 08, 2016.</p>
<b>Position Limits</b>	<p><b>Limit for aggregate contracts traded on all the Exchanges - applicable for all the contracts together for Grade-M and Grade-S both including position in expiry month:</b></p> <p><b>Member-wise:</b> 6,00,000 MT or 15% of market wide open interest in the commodity, whichever is higher</p> <p><b>Client-wise:</b> 60,000 MT.</p> <p>Bona fide hedger clients may seek exemption as per approved Hedge Policy of the Exchange notified vide Circular No. NCDEX/CLEARING-019/2016/246 dated September 28, 2016.</p> <p><b>For near month contracts</b></p> <p>The following limits would be applicable from 1<sup>st</sup> of every month in which the contract is due to expire. If 1<sup>st</sup> happens to be a non-trading day, the near month limits would start from the next trading day.</p> <p><b>Member-wise:</b> 1,50,000 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher.</p> <p><b>Client-wise:</b> 15,000 MT.</p>
<b>Special Margin</b>	<p>In case of unidirectional price movement/ increased volatility, an additional/ special margin at such other percentage, as deemed fit by the Regulator/Exchange, may be imposed on the buy and the sell side or on either of the buy or sell sides in respect of all outstanding positions. Reduction/ removal of such additional/ special margins shall be at the discretion of the Regulator/ Exchange.</p>
<b>Minimum Initial margin</b>	4%
<b>Premium/Discount</b>	<p>Sugar M with ICUMSA more than 150 shall be rejected.</p> <p>Sugar S with ICUMSA more than 150 shall be rejected.</p>

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**Tolerance Limit – Sugar M Grade**

<b>Commodity Specifications</b>	<b>Basis</b>	<b>Acceptable quality range as per contract specification</b>	<b>Permissible Tolerance</b>
Moisture	0.08% Max	-	-
Polarisation	99.80% Min	-	-
ICUMSA	< or = 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book	-	+/- 10 ICUMSA
Grade	M	-	-
Grain Size	Medium with > or = 85% retention on 1.18 mm sieve size as determined by the methods prescribed in IS:498-2003	-	-
Sulphur Dioxide	70 ppm maximum	-	-
Dirt, Filth, Iron filings, and Added Colouring matter	It shall be free from dirt, filth, iron filings, and added colouring matter	-	-
Extraneous matter	Extraneous matter shall not exceed 0.1 per cent by weight	-	-

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**Tolerance Limit – Sugar S Grade**

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Moisture	0.08% Max	-	-
Polarisation	99.80% Min	-	-
ICUMSA	< or = 150 ICUMSA as determined by GS9/1/2/3-8 prescribed in Sugar Analysis ICUMSA Method Book	-	+/- 10 ICUMSA
Grade	S	-	-
Grain Size	Small with > or = 70% retention on 600 micron sieve size as determined by the methods prescribed in IS:498-2003	-	-
Sulphur Dioxide	70 ppm maximum	-	-
Dirt, Filth, Iron filings, and Added Colouring matter	It shall be free from dirt, filth, iron filings, and added colouring matter	-	-
Extraneous matter	Extraneous matter shall not exceed 0.1 per cent by weight	-	-

**Note:** Tolerance limit is applicable only for out bound deliveries. Variation in quality parameters within the prescribed tolerance limit as above will be treated as good delivery when members/clients lift the materials from warehouse. These permissible variations shall be based on the parameters found as per the immediate preceding test certificate given by NCDEX empanelled assayer.

**Contract Launch Calendar**

<b>Contract Launch Month</b>	<b>Contracts Expiry Month</b>
March 2016	October 2017
April 2016	No Launch
May 2016	December 2017
June 2016	No Launch
July 2016	March 2018
August 2016	No Launch
September 2016	No Launch
October 2016	May 2018
November 2016	No Launch
December 2016	July 2018
January 2017	No Launch
February 2017	No Launch
March 2017	October 2018
April 2017	No Launch
May 2017	December 2018
June 2017	No Launch
July 2017	March 2019
August 2017	No Launch
September 2017	No Launch
October 2017	January 2018, May 2019
November 2017	February 2018
December 2017	July 2019
January 2018	April 2018
February 2018	No Launch
March 2018	June 2018, October 2019
April 2018	No Launch
May 2018	August 2018, December 2019
June 2018	September 2018
July 2018	March 2020
August 2018	November 2018
September 2018	No Launch
October 2018	January 2019, May 2020
November 2018	February 2019
December 2018	July 2020

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Members and market participants who enter into buy and sell transactions may please note that they need to be aware of all the factors that go into the mechanism of trading and clearing, as well as all provisions of the Exchange's Bye Laws, Rules, Regulations, Product Notes, circulars, directives, notifications of the Exchange as well as of the Regulators, Governments and other authorities.

It is clarified that it is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the Exchange, the commodity deposited / traded / delivered through the approved warehouses of Exchange either on their own or on behalf of them by any third party acting on behalf of the Market Participants/Constituents is in due compliance with the applicable regulations laid down by authorities like Food Safety Standard Authority of India (FSSAI), AGMARK, BIS, Warehousing Development and Regulatory Authority (WDRA), Orders under Packaging and Labelling etc. and also other State/Central laws and authorities issuing such regulations in this behalf from time to time, including but not limited to compliance of provisions and rates relating to Goods & Services Tax, APMC Tax, Mandi Tax, LBT, Stamp Duty, etc. as applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and the Exchange shall not be responsible or liable on account of any non-compliance thereof.

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**Exhibit 2 - Warehouse & Assayer Address Details**

For the updated list of Warehouse & Assayers kindly refer NCDEX Website – Clearing – Others – Approved Warehouses for delivery

Link - <http://www.ncdex.com/ClearingServices/ClearingServicesOthers.aspx>

**Exhibit 3 - Good/Bad delivery norms for acceptance of commodity at warehouse**

<b>No.</b>	<b>Particulars</b>	<b>Good/ Bad delivery</b>
1.	Quality not meeting futures contract specification.	Bad delivery
2.	Delivery completed but without sampling & testing/ certification/ expired validity.	Bad delivery
3.	Delivery without weight certificate.	Bad delivery
4.	Weighed at other than recognized by designated warehouse/ weigh bridge/ weigh scale	Bad delivery
5.	When sample is not drawn as per sampling norms and not carried out at the time of unloading	Bad delivery
6.	Delivery not as per the packaging specification	Bad delivery
7.	Delivery found contaminated on visual inspection	Bad delivery

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**Exhibit 4 - Specimen of Sugar Testing Report**

<b>CERTIFICATE OF QUALITY</b>			
Date : _____		Report no.:	
NCDEX Member/Client Name :			
Commodity :			
Lorry No. :			
Lot no.:			
Warehouse name & address			
<b>QUALITY :</b>			
The results of analysis performed by our laboratory of the samples collected by Warehouse _____ is stated below :			
Test Items	Test method	Specification	Test results
The material delivered by the above NCDEX Member is in accordance with the specification provided bearing grade _____ and valid up to _____.			
The goods delivered may be accepted / rejected.			
<b>Chief Inspector / Authorized Signatory</b>			

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