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The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

CHAPTER 1 - TRADING PARAMETERS

Authority

Trading of Mentha Oil futures may be conducted under such terms and conditions as specified in the Rules, Byelaws & Regulations and directions of the Exchange issued from time to time. A specimen of Mentha Oil futures contract specification is indicated in **Exhibit 1**.

Unit of Trading

The unit of trading shall be 360 Kgs. Bids and offers may be accepted in lots of 360 Kgs. or multiples thereof.

Months Traded In

Trading in Mentha Oil 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 Mentha Oil shall be Re. 0.10 (10 paise).

Basis Price

The basis price of Mentha Oil shall be Ex-warehouse Chandausi exclusive of all taxes.

Unit for Price Quotation

The unit of price quotation for Mentha Oil shall be in Rupees per Kg. The basis for Mentha Oil traded shall be Ex-warehouse Chandausi exclusive of all taxes. The packaging cost which will be announced at the launch of each contract will be charged as a premium from the buyer.

Hours of Trading

The hours of trading for futures in Mentha Oil shall be as follows:

- Mondays through Fridays – 10.00 AM to 5.00 PM
- Saturdays – 10.00 AM to 2.00 PM

Or as determined by the Exchange from time to time. All timings are as per Indian Standard Timings (IST)

Last Day of Trading

Last day of trading shall be 20th calendar day of contract month, if 20th happens to be a holiday or a Saturday, then the previous working day.

Mark to Market

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

Position limits

For Member - Maximum up to 1500 MT or 15% of market-wide open interest whichever is higher

For Clients – Maximum up to 300 MT.

This limit will not apply to bonafide hedgers. For bonafide hedgers, the Exchange will, on a case to case basis decide the hedge limits

For near month contracts:

The following limits would be applicable from seven days prior to expiry of contract

Member: Maximum up to 500 MT or 15% of market-wide near month open position whichever is higher

Client: Maximum up to 100 MT

Margin Requirements

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

Special Margin

Special margin of 10% of the value of the contract shall be applicable whenever there is a rise or fall in price from the first day's closing price beyond 20% and shall be payable by buyer or seller depending on whether prices rise or fall respectively. The margins shall stay in force so long as price stays beyond the 20% limit and will be withdrawn as soon as the price is within the 20% band

Pre-Expiry Additional Margin

There will be an additional margin imposed for the last 5 trading days, including the expiry date of the Mentha Oil contract. The additional margin will be added to the normal exposure margin and will be increased by 5% everyday for the last 5 trading days of the contract.

Delivery Margins

In case of open positions materializing into physical delivery, delivery margins as may be determined by the Exchange from time to time will be charged. The delivery margins will be calculated based on the number of days required for completing the physical delivery settlement (the look-ahead period and the risks arising thereof).

Penalty for Default

A minimum penalty of 3.0 % (of final settlement price) would be imposed on Seller if they fail to meet their delivery obligation along with the difference between Final Settlement Price and the average of three highest of the last spot prices of 5 (Five) succeeding days after the expiry of contract (E+1 to E+5 days) if the average spot price so determined is higher than FSP; else this component will be zero.

For further clarification on penalty structure participants can refer to circular number NCDEX/CLEARING-086/2008/216 issued on September 16, 2008.

Arbitration

Disputes between the members of the Exchange inter-se 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.

CHAPTER 2 - DELIVERY PROCEDURES

Unit of Delivery

The unit of delivery for Mentha Oil shall be 360 Kgs Net.

Delivery Size

Delivery is to be offered and accepted in lots of 360 Kgs Net or multiples thereof. A quantity variation of +/- 1 kg per drum is permitted as per contract specification.

Delivery Requests

The procedure for Mentha Oil delivery is based on the contract specifications as per **Exhibit I**. During the period from E-14 to E-1 prior to expiry, Seller & Buyer having open position are required to give their intention/notice to deliver to the extent of his open position. The delivery position would be arrived at by the Exchange based on the information to give/take delivery furnished by the seller and buyer as per the process put in place by the exchange for effecting physical delivery. If the intentions of the buyers/sellers match, then the respective positions would be closed out by physical deliveries. If there is no delivery intention matching between sellers and buyers, then such intentions will get automatically extinguished at close of E-1 day. Intentions can be withdrawn during the course of E-14 to E-1 day if they remain unmatched.

Upon expiry (i.e. E) of the contracts all the outstanding open positions should 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 by taking physical delivery. In the event of default by seller or buyer to give delivery or take delivery, as the case may be, such defaulting seller or buyer will be liable to penalty as may be prescribed by the Exchange from time to time"**.

The Buyers and the Sellers need to give their location preference through the front end of the trading terminal. 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 on the day of expiry.

Delivery Allocation

The Exchange would then compile delivery requests received from members on the last trading day, as specified in Chapter 1 above. The buyers / sellers who have to receive/give delivery would be notified on the same day after the close of trading hours. Delivery of Mentha Oil is to be accepted by buyers at the accredited warehouse where the seller effects delivery in accordance with the contract specifications.

Actual Delivery

Where Mentha Oil is sold for delivery in a specified month, the seller must have requisite electronic credit of such Mentha Oil 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 depository account. However, the buyer must take actual physical delivery of Mentha Oil before expiry of the validity date as

indicated in the quality test report/Assayer's Certificate of the Assayer or get the same revalidated.

Accredited Warehouse

NCDEX has accredited warehouses for receipt and delivery of Mentha Oil. Mentha Oil will be received and delivered only from the NCDEX accredited warehouse. The details of the NCDEX accredited warehouses are as per **Exhibit 2**.

The Mentha Oil received at the NCDEX accredited warehouse will be tested and certified by NCDEX accredited Assayer before acceptance as good delivery in the warehouse. Likewise, Mentha Oil delivered to buyers will be from the accredited warehouse only.

Quality Standards

The contract quality for delivery of Mentha Oil futures contracts made under NCDEX Regulations shall be Mentha Oil conforming to the quality specification indicated in the contract. 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. Delivery of higher grade would be accepted with premium as specified in the contract specification given in **Exhibit I**.

Packaging

Mentha Oil should be delivered in 180 kgs net packed in fully dipped galvanized iron drum. Only new drums will be used for filling Mentha oil. The cost of drum, as approved by the Exchange, will be payable by the buyer and will be announced at the time of launch of each contract & will be charged as a premium. The seller needs to bring Mentha oil in his container and will be poured into the standard container in the presence of the Assayer & the Warehouse in charge. Since the drums are not readily available the depositor needs to inform the warehouse well in advance to procure the drums. The seller can also bring in his own drum but the empty drum will be weighed at the warehouse & then Mentha oil will be poured into the drum. The drums will be accepted only with following specifications.

Fully dipped galvanized iron drums pertaining to the following specifications

- Gauge 18
- Weight of the drum will be 21 to 22 kgs
- Diameter
 - Inner- 560mm
 - Outer-580mm
- Length 880 mm
- Two openings on the top of drum with diameter of 50mm and 20mm.

Standard Allowances

Sample weight per validation of quantity allowed will be 250 ml in 180 kg drum on account of sample testing and others.

Weight

The quantity of Mentha Oil received and / or delivered at the NCDEX designated warehouse would be determined / calculated by the weighbridge / weigh scale at the premises of the designated warehouse and the quantity so determined would be binding on all parties. The weight of the oil in the drum will be 180 kgs net.

Good / Bad delivery Norms

Mentha Oil delivery into NCDEX designated Warehouse would constitute good delivery or bad delivery based on the good / bad delivery norms as per **Exhibit 3**. The list contained

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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.

Mentha Oil Sampling

The representative sample of approx. 200 ml from each drum will be drawn / prepared from net 180 kg or one drum. Since the delivery lot is 360 Kgs (two drums). The composite mixture of approx. 400 ml is made from one lot (i.e approx. 200ml from each drums). This is then divided into 4 parts.

These samples will be distributed as under:

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

A composite sample of 400 ml will be tested and graded accordingly for such delivery lots. Warehouse then has to ensure that these two drums should be kept together after the sampling and grading is complete.

Accredited Assayer

NCDEX has approved the Assayer for quality testing and certification of Mentha Oil received at the designated warehouse. The quality testing and certification of Mentha Oil will be undertaken only by the approved Assayer.

Quality Testing Report

The test report issued by the Mentha Oil 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

Testing of Mentha Oil will be done for checking volatile impurities and L-Menthol content. GLC test for checking volatile impurities and Clavenger's distillation test for checking non-volatile impurities.

The analysis of Menthol in the Laboratory will be carried out as per standard methods like which mainly deal with Laevo rotatory 1 menthol and Indian Pharmacopoeia / British Pharmacopoeia.

A. **Appearance:** Sample will be checked with respect to colour, clarity or any other defect. (IS: 326 (Part – II : 1980 ; IS: 2284 : 1963)

B. **Solubility in Alcohol:** The Solubility to be determined by dissolving a required aliquot of oil in 4-6 times volume of 70 % ethyl alcohol. Specific characteristics to be observed as out line in IS: 326 (Part – 6) : 1980.

C. **L- Menthol:** As per IS- 528: 1999 (by GLC using capillary column) 0.2 of test mentha- oil injected in Gas chromatograph under following conditions.

1. Column: 60 meter silica, i.d. 0.25mm, Stationary phase film thickness of 0.25 µm.
2. Carrier gas: Nitrogen
3. Flow: 1.0 ml/ min
4. Detector: Flame Ionisation detector
5. Detector Temp: 250°C

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6. Oven temperature: 70°C hold for one minute, Ramp: 3°C / min, Final Temp.: 210°C
7. Injector Part Temp.: 230°C.

D. **Terpenes:** Terpenes are estimated from the chromatograph obtained as above. Generally the following terpenes are present in Mentha -oil Alpha- Pinene, Beta-Pinene, L -limonene and 3 - octanol.

E. **Ester, as Menthyl Ester** :- Same as in terpenes.

F. **Fats and Oils** :- Fat and Oils are estimated by clevenger distillation process.

G. **Organic Volatile Impurities:** As per USP method. The organic volatile Impurities are methylene chloride, chloroform, Trichloroethylene and 1:4 dioxan will be monitored. The material to be examined will be dissolve either in water or dimethyl sulphoxide (DMSO), which can easily dissolve the organic volatile impurities and analyse for organic volatile Impurities by GLC on column – G-27 H.

Non Volatile Impurities: The non volatile impurities are estimated as non volatile matter as per **IS: 3134- 1992**. The methods involve the gravimetric estimation of non volatile component under specified set of conditions in platinum container.

Assayer Certificate

Testing and quality certificate issued by NCDEX approved Assayer for Mentha Oil delivered at designated warehouse in Chandausi, Sambhal, Barabanki and at such other locations announced by the Exchange from time to time shall be acceptable and binding on all parties. Each delivery of Mentha Oil at the warehouse must be accompanied by a certificate from NCDEX approved Assayer in the format as per **Exhibit 4**.

Validity period

Months of Deposit /Date of entry by warehouse in system (Jan - Dec)	Expiry period from The date of Fresh Deposit (no. of months)	Validity Period at the time of Fresh deposit (no of months)	How many times revalidations allowed (no. of months)	Validity Period on revalidation(n o. of months)
January	12	6	1	6
February	12	6	1	6
March	12	6	1	6
April	12	6	1	6
May	12	6	1	6
June	12	6	1	6
July	12	6	1	6
August	12	6	1	6
September	12	6	1	6
October	12	6	1	6
November	12	6	1	6
December	12	6	1	6

Electronic transfer

Any buyer or seller receiving and or effecting Mentha Oil would have to open a depository account with an NCDEX empanelled Depository Participant (DP) to hold the

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Mentha Oil in electronic form. On settlement, the buyer's account with the DP would be credited with the quantity of Mentha Oil received and the corresponding seller's account would be debited. The Buyer wanting to take physical delivery of the Mentha Oil holding has to make a request in prescribed form to his DP with whom depository account has been opened. The DP would route the request to the warehouse for issue of the physical commodity i.e. Mentha Oil to the buyer and debit his account, thus reducing the electronic balance to the extent of Mentha Oil so rematerialized.

Charges

All charges and costs payable at the designated warehouse towards delivery of Mentha Oil including sampling, grading, weighing, handling charges, storage etc. from the date of receipt into designated warehouse upto date of pay in & 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 & including storage, handling etc. after the pay out shall be borne by the buyer. Warehouse storage charges will be charged to the member / client by the respective Depository 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, 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 Mentha Oil into the NCDEX accredited 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.

Taxes

Service tax

Service tax will be payable by the members of Commodity Exchanges on the gross amount charged by them from their clients on account of dealing in commodities.

Sales Tax / VAT

Local taxes/ VAT wherever applicable is to be paid by the seller to the sales tax/VAT authorities on all contracts resulting in delivery. Accordingly the buyer will have to pay the taxes/VAT to the seller at the time of settlement. Members and / or their constituents requiring to receive or deliver Mentha Oil should register with the relevant tax/VAT authorities of the place where the delivery is proposed to be received / given. In the event of sales tax exemption, such exemption certificate should be submitted before settlement of the obligation. There will be no exemptions on account of resale or second sale in VAT regime.

Premium / Discount

Premium & Discount on the Mentha Oil delivered will be provided by the Exchange on the basis of quality specifications:

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The Exchange will communicate the premium / discounts amount applicable. Such amount will be adjusted to the members account through the supplementary settlement.

Currently, the applicable premium/discounts for the commodity are:

L- Menthol%	Prem / (Disc)	GRADE	L- Menthol%	Prem / (Disc)	GRADE
68.00	-6.00	MENT6800	74.05	0.05	MENT7405
68.05	-5.95	MENT6805	74.10	0.10	MENT7410
68.10	-5.90	MENT6810	74.15	0.15	MENT7415
68.15	-5.85	MENT6815	74.20	0.20	MENT7420
68.20	-5.80	MENT6820	74.25	0.25	MENT7425
68.25	-5.75	MENT6825	74.30	0.30	MENT7430
68.30	-5.70	MENT6830	74.35	0.35	MENT7435
68.35	-5.65	MENT6835	74.40	0.40	MENT7440
68.40	-5.60	MENT6840	74.45	0.45	MENT7445
68.45	-5.55	MENT6845	74.50	0.50	MENT7450
68.50	-5.50	MENT6850	74.55	0.55	MENT7455
68.55	-5.45	MENT6855	74.60	0.60	MENT7460
68.60	-5.40	MENT6860	74.65	0.65	MENT7465
68.65	-5.35	MENT6865	74.70	0.70	MENT7470
68.70	-5.30	MENT6870	74.75	0.75	MENT7475
68.75	-5.25	MENT6875	74.80	0.80	MENT7480
68.80	-5.20	MENT6880	74.85	0.85	MENT7485
68.85	-5.15	MENT6885	74.90	0.90	MENT7490
68.90	-5.10	MENT6890	74.95	0.95	MENT7495
68.95	-5.05	MENT6895	75.00	1.00	MENT7500
69.00	-5.00	MENT6900	75.05	1.05	MENT7505
69.05	-4.95	MENT6905	75.10	1.10	MENT7510
69.10	-4.90	MENT6910	75.15	1.15	MENT7515
69.15	-4.85	MENT6915	75.20	1.20	MENT7520
69.20	-4.80	MENT6920	75.25	1.25	MENT7525
69.25	-4.75	MENT6925	75.30	1.30	MENT7530
69.30	-4.70	MENT6930	75.35	1.35	MENT7535
69.35	-4.65	MENT6935	75.40	1.40	MENT7540
69.40	-4.60	MENT6940	75.45	1.45	MENT7545
69.45	-4.55	MENT6945	75.50	1.50	MENT7550
69.50	-4.50	MENT6950	75.55	1.55	MENT7555
69.55	-4.45	MENT6955	75.60	1.60	MENT7560
69.60	-4.40	MENT6960	75.65	1.65	MENT7565
69.65	-4.35	MENT6965	75.70	1.70	MENT7570
69.70	-4.30	MENT6970	75.75	1.75	MENT7575
69.75	-4.25	MENT6975	75.80	1.80	MENT7580

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69.80	-4.20	MENT6980	75.85	1.85	MENT7585
69.85	-4.15	MENT6985	75.90	1.90	MENT7590
69.90	-4.10	MENT6990	75.95	1.95	MENT7595
69.95	-4.05	MENT6995	76.00	2.00	MENT7600
70.00	-4.00	MENT7000	76.05	2.05	MENT7605
70.05	-3.95	MENT7005	76.10	2.10	MENT7610
70.10	-3.90	MENT7010	76.15	2.15	MENT7615
70.15	-3.85	MENT7015	76.20	2.20	MENT7620
70.20	-3.80	MENT7020	76.25	2.25	MENT7625
70.25	-3.75	MENT7025	76.30	2.30	MENT7630
70.30	-3.70	MENT7030	76.35	2.35	MENT7635
70.35	-3.65	MENT7035	76.40	2.40	MENT7640
70.40	-3.60	MENT7040	76.45	2.45	MENT7645
70.45	-3.55	MENT7045	76.50	2.50	MENT7650
70.50	-3.50	MENT7050	76.55	2.55	MENT7655
70.55	-3.45	MENT7055	76.60	2.60	MENT7660
70.60	-3.40	MENT7060	76.65	2.65	MENT7665
70.65	-3.35	MENT7065	76.70	2.70	MENT7670
70.70	-3.30	MENT7070	76.75	2.75	MENT7675
70.75	-3.25	MENT7075	76.80	2.80	MENT7680
70.80	-3.20	MENT7080	76.85	2.85	MENT7685
70.85	-3.15	MENT7085	76.90	2.90	MENT7690
70.90	-3.10	MENT7090	76.95	2.95	MENT7695
70.95	-3.05	MENT7095	77.00	3.00	MENT7700
71.00	-3.00	MENT7100	77.05	3.05	MENT7705
71.05	-2.95	MENT7105	77.10	3.10	MENT7710
71.10	-2.90	MENT7110	77.15	3.15	MENT7715
71.15	-2.85	MENT7115	77.20	3.20	MENT7720
71.20	-2.80	MENT7120	77.25	3.25	MENT7725
71.25	-2.75	MENT7125	77.30	3.30	MENT7730
71.30	-2.70	MENT7130	77.35	3.35	MENT7735
71.35	-2.65	MENT7135	77.40	3.40	MENT7740
71.40	-2.60	MENT7140	77.45	3.45	MENT7745
71.45	-2.55	MENT7145	77.50	3.50	MENT7750
71.50	-2.50	MENT7150	77.55	3.55	MENT7755
71.55	-2.45	MENT7155	77.60	3.60	MENT7760
71.60	-2.40	MENT7160	77.65	3.65	MENT7765
71.65	-2.35	MENT7165	77.70	3.70	MENT7770
71.70	-2.30	MENT7170	77.75	3.75	MENT7775
71.75	-2.25	MENT7175	77.80	3.80	MENT7780
71.80	-2.20	MENT7180	77.85	3.85	MENT7785
71.85	-2.15	MENT7185	77.90	3.90	MENT7790

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71.90	-2.10	MENT7190	77.95	3.95	MENT7795
71.95	-2.05	MENT7195	78.00	4.00	MENT7800
72.00	-2.00	MENT7200	78.05	4.05	MENT7805
72.05	-1.95	MENT7205	78.10	4.10	MENT7810
72.10	-1.90	MENT7210	78.15	4.15	MENT7815
72.15	-1.85	MENT7215	78.20	4.20	MENT7820
72.20	-1.80	MENT7220	78.25	4.25	MENT7825
72.25	-1.75	MENT7225	78.30	4.30	MENT7830
72.30	-1.70	MENT7230	78.35	4.35	MENT7835
72.35	-1.65	MENT7235	78.40	4.40	MENT7840
72.40	-1.60	MENT7240	78.45	4.45	MENT7845
72.45	-1.55	MENT7245	78.50	4.50	MENT7850
72.50	-1.50	MENT7250	78.55	4.55	MENT7855
72.55	-1.45	MENT7255	78.60	4.60	MENT7860
72.60	-1.40	MENT7260	78.65	4.65	MENT7865
72.65	-1.35	MENT7265	78.70	4.70	MENT7870
72.70	-1.30	MENT7270	78.75	4.75	MENT7875
72.75	-1.25	MENT7275	78.80	4.80	MENT7880
72.80	-1.20	MENT7280	78.85	4.85	MENT7885
72.85	-1.15	MENT7285	78.90	4.90	MENT7890
72.90	-1.10	MENT7290	78.95	4.95	MENT7895
72.95	-1.05	MENT7295	79.00	5.00	MENT7900
73.00	-1.00	MENT7300	79.05	5.05	MENT7905
73.05	-0.95	MENT7305	79.10	5.10	MENT7910
73.10	-0.90	MENT7310	79.15	5.15	MENT7915
73.15	-0.85	MENT7315	79.20	5.20	MENT7920
73.20	-0.80	MENT7320	79.25	5.25	MENT7925
73.25	-0.75	MENT7325	79.30	5.30	MENT7930
73.30	-0.70	MENT7330	79.35	5.35	MENT7935
73.35	-0.65	MENT7335	79.40	5.40	MENT7940
73.40	-0.60	MENT7340	79.45	5.45	MENT7945
73.45	-0.55	MENT7345	79.50	5.50	MENT7950
73.50	-0.50	MENT7350	79.55	5.55	MENT7955
73.55	-0.45	MENT7355	79.60	5.60	MENT7960
73.60	-0.40	MENT7360	79.65	5.65	MENT7965
73.65	-0.35	MENT7365	79.70	5.70	MENT7970
73.70	-0.30	MENT7370	79.75	5.75	MENT7975
73.75	-0.25	MENT7375	79.80	5.80	MENT7980
73.80	-0.20	MENT7380	79.85	5.85	MENT7985
73.85	-0.15	MENT7385	79.90	5.90	MENT7990
73.90	-0.10	MENT7390	79.95	5.95	MENT7995
73.95	-0.05	MENT7395	80.00	6.00	MENT8000

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74.00	0.00	MENT7400			
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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.

Spot Prices

NCDEX will announce / disseminate spot prices for Mentha Oil 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 Mentha Oil. 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 Mentha Oil will be disseminated on daily basis.

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.

Time (T+1)	Activity
On or before 11.00 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 / Mentha Oil with their respective Clearing member before "pay in".

Tender Date -T

Tender period:

Tender period would be of 14 Calendar days during trading hours prior to the expiry date of the contract.

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.

During the period from E-14 to E-1, Seller & Buyer having open position are required to give their intention/notice to deliver to the extent of his open position. The delivery position would be arrived at by the exchange based on the information to give/take delivery furnished by the seller and buyer as per the process put in place by the exchange for effecting physical delivery. If the intention of the buyers/sellers match, then the respective positions would be closed out by physical deliveries. If there is no delivery intention matching between sellers and buyers, then such intentions will get automatically extinguished at close of E-1 day. Intentions can be withdrawn during the course of E-14 to E-1 day if they remain unmatched.

Upon expiry (i.e E) of the contracts all the outstanding open positions should result in compulsory delivery.

Expiry Date

20th day of the delivery month. If 20th 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.

The settlement of contract would be by a early delivery system of a maximum of 15 Pay-ins and Pay-outs or less including the last Pay-in and Pay-out which would be the Final Settlement of the contract.

Pay in and Pay out for Final Settlement in case of physical deliveries	
Time (T/E+2)	Activity
On or before 12.00 hrs	PAYIN - Debit Buyer Member Settlement a/c for funds - Debit Seller Member's CM Pool Account for Mentha Oil
After 14.30 hrs	PAYOUT - Credit Seller Member Settlement a/c for funds - Credit Buyer Member's CM Pool Account for Mentha Oil

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

In case of two settlements on the same day, the timings for the pay in of commodities would be at 12.00 noon and 2.30 pm respectively. The timings of Pay out of commodities would be at 12.30 pm and 3.00 pm respectively. Funds pay in – pay out would happen at 12.00 noon and 3.00 pm respectively.

Additionally the supplemental settlement for Mentha Oil futures contracts for premium / discount adjustments relating to quality of Mentha Oil 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.

Pay in and Pay out for supplemental settlement	
Time (E + 2)	Activity
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

Supplementary Settlement for Taxes

The Exchange will conduct a separate supplementary settlement, as illustrated below, three days after normal pay out for completion of tax transactions.

In order to facilitate issue of 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 E + 3 day failing which buying member name 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 E + 4 day.

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

Pay in and Pay out for Taxes	
Time (T/E + 5)	Activity
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

For further clarification and detailed procedure on sales tax settlement participants can refer to circular number NCDEX/CLEARING-001/2008/002 issued on January 04, 2008.

Exhibit 1 – Contract Specifications of Mentha Oil

(updated on March 25, 2009)

Type of Contract	Futures Contract Specifications	
Name of Commodity	Mentha oil	
Ticker symbol	MTHOILCHD	
Trading System	NCDEX Trading System	
Basis	Ex-warehouse Chandausi exclusive of all taxes.	
Unit of trading	360 kgs	
Delivery unit	360 Kgs net packed in fully dipped galvanized iron drums of 180 Kgs each. The cost of drum, as approved by the Exchange, will be payable by the buyer	
Quotation/base value	Rs per Kg	
Tick size	Re 0.10 (10 paisa)	
Quality specification	Appearance	Liquid
	Odour	Characteristic Pleasant
	Colour	Light Yellow
	Solubility in Alcohols	1:4 to 6 volume in 70% alcohol
	L-Menthol	74% as per GLC test (Detected by capillary column method)
	Terpene	6% Maximum
	Ester (As Methyl Acetate)	4.3% maximum
	Fat & Oils	Negative
Quantity variation	+/- 1 kg per drum.	
Delivery center	Chandausi	
Additional delivery centres	Barabanki, Sambhal, and such other centers as may be notified by the Exchange from time to time.	
Hours of Trading	As per directions of the Forward Markets Commission from time to time, currently-	
	Mondays through Fridays	
	Trading Hours - 10:00 AM to 05:00 PM	
	Saturdays	
	Trading Hours - 10.00 AM to 2.00 PM	
The Exchange may vary the above timing with due notice.		

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<p>Delivery specification</p>	<p>During the period from E-14 to E-1, Seller & Buyer having open position are required to give their intention/notice to deliver to the extent of his open position. The delivery position would be arrived at by the Exchange based on the information to give/take delivery furnished by the seller and buyer as per the process put in place by the Exchange for effecting physical delivery. If the intention of the buyers/sellers match, then the respective positions would be closed out by physical deliveries. If there is no delivery intention matching between sellers and buyers, then such intentions will get automatically extinguished at close of E-1 day. Intentions can be withdrawn during the course of E-14 to E-1 day if they remain unmatched.</p> <p>Upon expiry (i.e E) of the contracts all the outstanding open positions should result in compulsory delivery.</p> <p>The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/TRADING-086/2008/216 dated September 16, 2008.</p>
	<p>Trading in a new month contract will open on the 10th day of the month in which near month contract is due to expire. If the 10th day happens to be a non-trading day, contracts would open on the next trading day</p>
<p>Opening of contracts</p>	<p>Tender Date : T</p>
	<p>Tender Period:</p>
	<p>Tender period would be of 14 Calendar days during trading hours prior to the expiry date of the contract.</p>
<p>Tender Period</p>	<p>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.</p>
	<p>Expiry date of the contract:</p>
	<p>20th day of the delivery month. If 20th 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 early delivery system of a maximum of 15 Pay-ins and Pay-outs or less including the last Pay-in and Pay-out which would be the Final Settlement of the contract</p>
<p>Due date/Expiry date</p>	<p>Expiry date of the contract:</p> <p>20th day of the delivery month. If 20th 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 early delivery system of a maximum of 15 Pay-ins and Pay-outs or less including the last Pay-in and Pay-out which would be the Final Settlement of the contract</p>

The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

Closing of contract	Clearing and Settlement of contracts will commence with the commencement of Tender Period by delivery through intention matching arrived at by the Exchange based on the information furnished by the seller and buyer respectively as per the process put in place by the Exchange for effecting physical delivery during the period from E-14 to E-1 prior to expiry. Upon the expiry of the contract all the outstanding open position would result in compulsory delivery.
No. of active contracts	As per Annexure
Price band	Daily price fluctuation limit is (+/-) 3%. If the trade hits the prescribed daily price limit there will be a cooling off period for 15 minutes. Trade will be allowed during this cooling off period within the price band. Thereafter the price band would be raised by another (+/-) 1% and trade will be resumed.
	If the price hits the revised price band (4%) again during the day, trade will only be allowed within the revised price band. No trade / order shall be permitted during the day beyond the revised limit of (+ / -) 4%
Position limits	For Member - Maximum up to 1500 MT or 15% of market-wide open interest whichever is higher
	For Clients - Maximum up to 300 MT
	This limit will not apply to bonafide hedgers. For bonafide hedgers, the Exchange will, on a case to case basis decide the hedge limits
	For near month contracts:
	The near month limit will be applicable during the last 7 trading days of the expiry of a contract.
	Member: Maximum up to 500 MT or 15% of the market-wide near month open position, whichever is higher
	Client: Maximum up to 100 MT
Special margins	Special margin of 10% of the value of the contract shall be applicable whenever there is a rise or fall in price from the first day's closing price beyond 20% and shall be payable by buyer or seller depending on whether prices rise or fall respectively. The margins shall stay in force so long as price stays beyond the 20% limit and will be withdrawn as soon as the price is within the 20% band

Premium/Discount	Quality discount on L- Menthol
	Mentha oil with L- Menthol below 74 % up to 68% shall be acceptable with a discount on 1:1 basis
	Mentha oil with L- Menthol below 68% will be rejected
	Mentha oil with L-Menthol more than 74% up to 80% shall be acceptable with a premium on 1:1 basis.
	Discount for Mentha oil acceptance at additional delivery centers
	The Premium or discount for different locations shall be announced by the Exchange before launching of contract

Tolerance limit at outbound for Mentha Oil

Commodity Specifications	Basis	Acceptable quality range as per contract specification	Permissible Tolerance
Appearance	Liquid		
Odour	Characteristic Pleasant		
Colour	Light Yellow		
Solubility in Alcohols	1:4 to 6 volume in 70% alcohol		
L-Menthol	74% as per GLC test (Detected by capillary column method)	68% to 80%	+/-0.50%
Terpene	6% Maximum		
Ester (As Methyl Acetate)	4.3% maximum		
Fat & Oils	Negative		
Max Tolerance (for all characteristics)		0.5%	

Note: Tolerance limit is applicable only for outbound 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 approved assayer

<u>Contract Launch Calendar</u>	
Contract Launch Month	Contract Expiry Month
December 2008	April 2009
January 2009	May2009
February 2009	June 2009
March 2009	July 2009
April 2009	August 2009
May 2009	September 2009
June 2009	October 2009
July 2009	November 2009
August 2009	December 2009

Exhibit 2 - Warehouse Address Details

Warehouse Address	Assayer Details
NCMSLHRM-CHANDAUSI NCMSL COMMODITY MULTILINK POINT. C/O HARPRSAD ROLLING MILL. M.G. ROAD, CHANDAUSI- 202412, UTTAR PRADESH. CONTACT PERSONS: UPENDRA SHARMA: MOBILE -0979320064 NATHU PAL: MOBILE: 09319656623	NATIONAL COLLATERAL MANAGEMENT SERVICES LIMITED (TESTING & CERTIFYING DIVISION) 4-7-18/6B, NACHARAM, RAGHAVENDRA NAGAR HYDERABAD- 500 076, ANDHRA PRADESH CONTACT PERSONS: DR. GANESH RAMAMURTHI: MOBILE -093473 18183 MR. P. SRINIVAS: MOBILE: 093922 93988 TEL: 040 -32939701

For the updated list of Warehouse & Assayers kindly refer to the NCDEX Website
http://www.ncdex.com/ClearingServices/Clearing_Services_others.aspx

Exhibit 3 - Good / Bad delivery norms

No.	Particulars	Good / Bad delivery
1.	Delivery before contract expiration.	Good delivery
2.	Weighing of Mentha Oil at the Exchange designated warehouse.	Good delivery
3.	Delivery quantity is more than quantity to be delivered.	Good delivery
4.	Mentha Oil quality not meeting futures contract specification.	Bad delivery
5.	Delivery at non designated warehouse.	Bad delivery
6.	Delivery after pay in date / time.	Bad delivery
7.	Delivery of wrong product (E.g.: Furnace Oil instead of Mentha Oil).	Bad delivery
8.	Delivery completed but without sampling & testing / certification / expired validity.	Bad delivery
9.	Delivery without weight certificate.	Bad delivery
10.	Delivery not compatible to delivery size as mentioned in contract specification.	Bad delivery
11.	Delivery beyond specified working hours.	Bad delivery
12.	Delivery without proper documentation.	Bad delivery
13.	Mentha Oil weighed at other than designated warehouse /weigh bridge / weigh scale.	Bad delivery
14.	Delivery of Mentha Oil found contaminated on visual inspection.	Bad delivery
15.	Delivery by unauthorized person / agent without proper identification	Bad delivery

Exhibit 4 – Specimen of Mentha Oil Testing Report

CERTIFICATE OF QUANTITY & QUALITY

Date : _____

Report no.:

NCDEX Member :
Commodity :
Lorry No. :

1) QUANTITY : This is to certify that National Commodity & Derivative Exchange Ltd. (NCDEX) member / constituent _____ has delivered _____ Kilo Gram (Kg) Mentha Oil at the NCDEX designated warehouse:

The weight / tonnage of material delivered is as per weigh bridge / weigh scale in the premises of the designated warehouse.

2) QUALITY :

The results of analysis performed by our laboratory of the samples collected by WH NAME _____ 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.

Chief Inspector / Authorized Signatory