STRENGTH BUILDS ON STRENGTH: OUR MAJOR SHAREHOLDERS

ICEX has been set up by the country’s premier large public sector institutions (MMTC, KRIBHCO, Indian Potash Ltd. & IDFC Bank) stalwarts with unmatched experience in the finance sector, and an impressive, forward thinking, trend setting set of private sector institutions – Reliance Exchange Next Ltd. (A group Company of Reliance Capital) & Indiabulls Housing Financial Services, to provide a hedging platform to the Commodities Market.

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ICEX, first exchange in the world to launch diamond derivative trading, is regulated by the Securities & Exchange Board of India (SEBI). ICEX has been set up by large public sector institutions (MMTC, CWC, KRIBHCO, Indian Potash & IFDC Bank) and private sector institutions Reliance Exchange Next (a group company of Reliance Capital), Bajaj Capital & Indiabulls Housing Financial Services, to provide a hedging platform to the Commodities Market.

Isabgol Seed
Isabgol is a native plant of Persia. Now, also grown in the western part of India. Isabgol, the common name in India for P. ovata, also known as Psyllium, comes from the Persian words “isap” and “ghol” that mean horse ear, which is descriptive of the shape of the seed.

Isabgol is an important medicinal crop of India. It is a stem less herb. The husk is the rosy-white membranous covering of the seed, mainly given as a safe laxative, particularly beneficial in habitual constipation, chronic diarrhea and dysentery. It is a 100% natural product. It is a soluble fiber (is viscous and forms gel in water). The soluble fiber comes from the dried husk of the Psyllium seed.

India is the largest producer as well as exporter of Isabgol and Psyllium husk in the world. It is mainly grown in Rajasthan, Gujarat, Madhya Pradesh and Haryana. As per the latest trade information, production of Isabgol has also begin in other states likes Punjab, Uttar Pradesh and Bihar.

Psyllium Husk Powder Market:
- North America (United States, Canada, Mexico)
- Asia-Pacific (China, India, Japan, South Korea, Australia, Indonesia, Malaysia, Philippines, Thailand, Vietnam)
- Europe (Germany, France, UK, Italy, Russia, Rest of Europe)
- Central & South America (Brazil, Rest of South America)
- Middle East & Africa (GCC Countries, Turkey, Egypt, South Africa, Other)

Isabgol Fact:
Every 100 grams of isabgol provides 71 grams of soluble fiber, a similar amount of oat bran would contain only 5 grams of soluble.

ABOUT ICEX, (Indian Commodity Exchange Limited)
ICEX has been set up by large public sector institutions (MMTC, CWC, KRIBHCO, Indian Potash & IFDC Bank) and private sector institutions Reliance Exchange Next (a group company of Reliance Capital), Bajaj Capital & Indiabulls Housing Financial Services, to provide a hedging platform to the Commodities Market.

ISABGOL SEED CONTRACT SPECIFICATION

<table>
<thead>
<tr>
<th>Quality Specification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psyllium seed (Isabgul) Natural whitish pinkish colored seeds</td>
</tr>
<tr>
<td>1. Red &amp; Immature Seed: 4.5% MAX Basis</td>
</tr>
<tr>
<td>2. Black, Dead &amp; Damaged Isabgul seeds: 2% MAX by weight</td>
</tr>
<tr>
<td>3. Foreign/Organic matter &amp; Stone: More than 3%MAX. (Sticks (Dalkhi)/Seed in Shell)</td>
</tr>
<tr>
<td>4. Sand &amp; Silica: 3% Max basis</td>
</tr>
<tr>
<td>5. Test Weight: Weight of 100 seeds should be 0.15 grams and above.</td>
</tr>
<tr>
<td>6. Moisture: 7.5% max</td>
</tr>
</tbody>
</table>

No. of delivery Contracts in a year: Maximum 12 monthly contracts should be made available in a year

Shelf Life for valid delivery: Validity of the stock for 6 months or valid upto February whichever is earlier

Delivery Basis Center: Ex. Unjha inclusive all levies but excluding GST ~ 50 KM radius

Opening of Contracts: Minimum 2 months prior to the contract month.

Due Date: 15th day of the delivery month if 15th happens to be holiday then previous working day.

Due Date Rate: Due date rate for isabgol seed is calculated on the last day of contract maturity by way of taking the simple average of last 3 days spot price of the Unjha market for the basis variety.

Delivery Period/Tender Period: 11 to 17 of the contract expiry month except Saturday, Sunday and Holiday.

Delivery Period Margin: 4.1 daily incremental margin for last 5 calendar days on the all outstanding position. Such margin will be addition to initial margin, additional margins and special margins.

Delivery Logic: Compulsory Delivery

Aggregate Limit:
- For member: 5,500 MT or 15% of the market wide open position, whichever is higher
- For client: 550 MT

Near Month Limit:
- Member: 1,375 MT
- Client: 137 MT

Limit on open position (It may be change time to time as per SEBI guidelines)
**DEPOSITORS DEPOSIT GOODS WITH WAREHOUSE**

**WAREHOUSE GENERATES ENWR (ACCOUNT MUST BE IN CCRL/NERL)**

**DELIVERY PERIOD**

**TENDER PERIOD**

(11th TO 14th)

Seller Intention received by the Clearing Corporation -(In the EDCM system)

Pay in the commodity at NERL/CCRL

Clearing Corporation Match & allocate the city

Random basis allocation of Delivery (EnWR) on receipt of seller intention. Buyers giving intention will get first priority to get the delivery and rest will be allocated to other buyers on random basis

Buyer will pay the funds Funds Pay out to Seller

Clearing Corporation make payout of commodity to buyer, ie Clearing Corporation credit EnWR in Member’s Pool A/c at CCRL/NERL

Member transfer the same to Members’ A/c or Client’s A/C

**WITHDRAWAL OF GOODS**

Client gives the withdraw request in the Repository Participant (NERL/CCRL) where client is having the account

Repository Participant will process and give the acknowledgement

Client can lift the physical delivery

DEPOSITORS DEPOSIT GOODS WITH WAREHOUSE

**FUNDAMENTALS OF ISABGOL**

Psyllium husk is the main product of Isabgol. The husk is the outermost skin of the seed which is removed by the mechanical process of grinding. The total recovery of husk from the seed is around 25 to 30%. The price of husk is dependent on its purity/colour. Husk of 99.90% purity, which is obtained after the first milling of the seed, is sold at the highest price. Subsequent milling yields husk of lower purity and colour. In the market the lowest grade, is of 85% purity and the highest grade is of 99% purity and are quoted/traded at a price differential.

**Brief on Isabgol Complex:**

Isabgol Seed = Raw Material for Husk

Isabgol Husk = Main Product around 80% husk is exported and 20% is consumed in domestic market

Gola/Lali = Residual Product used in cattle feed sector in domestic market

**DELIVERY PROCESS AT ICEX**

**TENDER PERIOD**

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**EXPIRY DATE**

15th DAY OF THE MONTH

Intention received (Not compulsory)

Allocation is compulsary according to the open position

Settlement + T+2 days

Delivery take placed

**WAREHOUSE GENERATES ENWR (ACCOUNT MUST BE IN CCRL/NERL)**

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**REPOSITORY PARTICIPANT**

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**Production Data**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of bags Arrival, 1 bag = 75 kgs</th>
<th>Arrival In M T.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>13,05,000</td>
<td>1,12,875</td>
</tr>
<tr>
<td>2011-12</td>
<td>11,70,000</td>
<td>87,750</td>
</tr>
<tr>
<td>2012-13</td>
<td>16,84,000</td>
<td>1,26,300</td>
</tr>
<tr>
<td>2014-14</td>
<td>16,06,000</td>
<td>1,05,675</td>
</tr>
<tr>
<td>2014-15</td>
<td>12,68,000</td>
<td>95,100</td>
</tr>
<tr>
<td>2015-16</td>
<td>15,80,145</td>
<td>1,18,511</td>
</tr>
<tr>
<td>2016-17</td>
<td>13,46,000</td>
<td>1,13,000</td>
</tr>
<tr>
<td>2017-18</td>
<td>13,46,000</td>
<td>1,00,950</td>
</tr>
<tr>
<td>2018-19</td>
<td>20,42,000</td>
<td>1,53,675</td>
</tr>
</tbody>
</table>

**Source:** [https://www.jyotoverseas.net/market-report.html](https://www.jyotoverseas.net/market-report.html)
**ISABGOL SEED CONTRACT SPECIFICATION**

**SUMMARY ON FUNDAMENTALS OF ISABGOL**

- It’s a Rabi crop harvested during February/March.
- Susceptible to damage due to unseasonal rains and severe fog.
- India is the only exporting country of Isabgol.
- The factors affecting market price are weather/climatic conditions during the harvest period and fluctuation in the currency exchange rate.

**Proposed Isabgol seed Contract Specification**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Contract Specification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Code</td>
<td>ISABGS</td>
</tr>
<tr>
<td>Product Code</td>
<td>ISABGSF</td>
</tr>
<tr>
<td>Series Code</td>
<td>ISBGSMMMMYYYY</td>
</tr>
<tr>
<td>Trading System</td>
<td>ICEX’s Derivatives Trading and Settlement System</td>
</tr>
<tr>
<td>Trading Hours</td>
<td>Monday to Friday: 09:00 am to 5:00 pm</td>
</tr>
<tr>
<td>Unit of Trading</td>
<td>1 MT</td>
</tr>
<tr>
<td>Delivery Unit</td>
<td>1 MT</td>
</tr>
<tr>
<td>Packing</td>
<td>75 Kg net in sound un-mended A twill Bag to be marked as “New Crop, Month of Packing”</td>
</tr>
<tr>
<td>Quotation/Base Value</td>
<td>Rs. Per Kg (Ex-Warehouse, exclusive of GST)</td>
</tr>
<tr>
<td>Maximum Order Size</td>
<td>150 MT (SD Lots)</td>
</tr>
<tr>
<td>Tick Size</td>
<td>Rs. 0.05</td>
</tr>
<tr>
<td>Daily Price Fluctuation</td>
<td>The DPL shall have two slabs - 3% Initial and 1% Enhanced Slab. Once the initial slab limit is reached in any contract, then after a period of 15 minutes this limit shall be increased further by enhanced slab, only in that contract. The trading shall be permitted during the 15 minutes period within the initial slab limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.</td>
</tr>
<tr>
<td>Initial margin</td>
<td>Initial Margin shall be higher of minimum 4% or VaR margin for 2 days MPOR (Margin Period of Risk)</td>
</tr>
<tr>
<td>Extreme Loss Margin (ELM)</td>
<td>1%</td>
</tr>
<tr>
<td>Spread Margin Benefit</td>
<td>Margin benefit on spread positions shall be entirely withdrawn from the start of Delivery period i.e. Expiry-4th day.</td>
</tr>
<tr>
<td>Additional and/or Special Margin</td>
<td>In case of additional volatility, an additional margin (on both buy &amp; sell side) and/or special margin (on either buy or sell side) at such percentage, as deemed fit, will be imposed in respect of all outstanding positions.</td>
</tr>
</tbody>
</table>

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**Isabgol Seed Spot Price Volatility - Unjha - Ex-Warehouse**

Source: ICEX Analysis

**Chemical Constituents:**

- Mucilage mainly composed of arabinose, xylose, galacturonic acid, semi drying fatty oil and a small amount of aucubin.

**Climatic Requirement for Isabgol Cultivation:**

- It’s a Rabi Season crop.
- Requires dry and sunny weather towards crop maturity stage.
- Light showers and cloudy weather are harmful for the crop.