Delivery and Settlement Procedure of PEPPER **Annexure**

Delivery Logic	Compulsory Delivery
Tender Period	11th to 17th day of the contract expiry month except Saturdays, Sundays and Trading Holidays.
Delivery Period	11th to 17th day of the contract expiry month except Saturdays, Sundays and Trading Holidays.
Tender Period Margin	4% incremental margin for last 5 calendar days on all outstanding position. Such margin will be in addition to initial, additional and special margin as applicable.
Delivery Period Margin	Delivery period margins shall be higher of: 3%+ 5days 99% VaR of spot price volatility Or 20%
Buyer's Intention	On 11th, 12th, 13th, 14th and 15th of the contract expiry month except Trading Holidays. Buyers giving intention will get first priority to get delivery and rest will be allocated to other buyers on random basis. If the sellers have given tender notice in the tender period, the clearing corporation will allocate the goods to the buyer on the same date even though there is no receipt of intention from buyer side.
Tender Notice by Seller	During the tender and delivery period, the seller can issue tender notice on any working day in a specified format by 4.00 pm through EDCM (Electronic Debit Credit Module) system or any other mode as communicated by Exchange from time to time. At the time of issuance of tender, the seller must possess the underlying quantity in the Clearing Corporation accredited warehouse.
Exemption from Tender and Delivery Period Margin	Tender & Delivery Period margin is exempted if eNWR/WR/eWR/Units is tendered on designated tender days of the contract month provided the seller submits all documentary evidence relating to delivery to the CC.
Dissemination of Information on Tendered Delivery and Buyers Interest	The Exchange will inform members through trading terminals regarding total quantity offered by various sellers and buyers respectively by 4:30 p.m. on the day when Exchange/CC receives tender notice from respective members. Allocation of delivery among various buyers will be done at end of trading session and will be communicated to the buyers to whom delivery is allocated by FTP under Obligation Report / EDCM / CCRL/NERL or any other mode as communicated by the exchange from time to time.
Grade premium/discount	NA

Tender of physical delivery	If the seller wants to tender delivery in the Exchange, he is required to approach Exchange/Clearing Corporation (CC) approved warehouse for deposit and assaying. After assaying, if it confirms to the quality parameter specified by the Exchange/CC, assaying agency will issue the report/warehouse receipt/eNWR. Approved Warehouse shall issue WR /eWR / eNWR/ Units based on the delivery quantity being within the tolerance limit and confirm the same in the system e.g. EDCM/CCRL/NERL. Thereafter, the seller will get credit of eNWR/units/eWR in his account for the quantity equal to the delivery unit with tolerance limit, if any (1 unit/eNWR/WR/eWR = 1 MT). The seller can tender delivery of WR/eWR/eNWR/units held by him against his sale position. Buyer will get delivery of WR/eNWR/units in delivery lot basis equivalent to his allocated quantity. Settlement of quantity variations within the tolerance limit shall be adjusted on the day as per the settlement calendar to be issued by the Exchange/Clearing Corporation. The buyer can collect physical delivery on surrender of WR/ eWR/eNWR /units at any point of time.
Quantity Variation at the time of depositing the goods	**Nil**

Tolerance Limits for Outbound Deliveries of Pepper

Specification	**Basis**	**Permissible Tolerance**
Light Berries	2% Max	**+ 0.2%**
Extraneous Matter (including pinheads & Broken berries)	0.5% Max	-
Moisture	Moisture - Max 11.5% (from May to October) & 11.00% Max (during other months)	+/- 1% (for delivery out during May to January – 12.5%, February to April - 12%)
Non-volatile ether extract on dry basis	Not less than 6.0 percent by weight	-
Volatile oil content on dry basis	Not less than 2.0	-
Piperine content on dry basis	Not less than 4.0 percent by weight	-
Bulk Density Garbled	550 Gram/Litre (Minimum)	-
Max Loss **in weight** for all the characteristics	+/-**1.5%**	

	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 and Services Tax (GST), APMC Tax, Mandi Tax, LBT, Stamp Duty, etc. as may be applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and the Exchange shall not responsible or liable on account of any non-compliance thereof.
Sampling process for assaying/grading	On receipt of commodity at the warehouse sampling for quality analysis will be done by the quality certifying agent/warehouse manager. If they found it as per the Exchange specified quality specification then only the WR/eNWR/Units will be issued / created. The decision of the "Exchange and its Authorized Surveyor/Warehouse Manager" shall be final and binding on all in respect of the delivery, method of sampling and analysis, samples taken and the size of the samples for ascertaining the quality. In case the Buyer raises quality issues subsequently, the same will be redressed as per the Bye-laws / Business Rules of the Exchange/CC. One quality certification will be done for a maximum of 10MT deposited through a same container by the same client in a day. Four samples containing 500 grams each shall be drawn as per the sampling process. The total quantity taken for sample is 2kgs. The depositors are required to bring 2kgs extra pepper along with their deposit. The sampler will mix these two kgs along with the bags identified for the sampling and from there the required samples will be drawn. **<u>Sampling Process:</u>** 1. Sampling would be done from 100% of the bags in a lot without adhering to any fixed pattern. 2. Minimum 10% of the bags selected randomly from each assaying lot will be cut open, contents spread on the floor and visually checked for presence of any material foreign to the commodity like stones, any plastic material or any substance which is not directly related to the commodity being sampled. Presence of these materials such as large pieces of pebbles, inferior quality or husk in the middle of bag, mixing of any apparent material which is not the

<table>
<tr><td></td><td>actual commodity itself, if any will lead to rejection of the lot being sampled. The goods should be free from fungus.
3. Further a sample from the bags cut open will be taken and checked for foreign/other matter. The FM/other matter content in the Assaying report will be entered higher out of the two matter values determined on the basis of the composite sample taken from the running sample as indicated in para 1 above and the sample collected as per the process indicated in para 2 This is then divided into 4 parts and 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

Testing for Pepper will be done both physically and chemically. To test light Pepper, floatation method is used and sieve test is conducted for other matter. For Moisture, chemical test is done by following toluene distillation method. Mineral Oil will be tested as per IS 548 (Part II). If any live infestation is found at the time of delivery out, then the goods would be deliverable after fumigation by warehouse.</td></tr>
<tr><td>Weight</td><td>The weight received and delivered at the Exchange/Clearing Corporation approved warehouses would be determined/calculated by the weigh scale /weighbridge at the premises of the warehouse or at the weigh scale /weighbridge in the vicinity and recognized by such warehouse and the quantity so determined would be binding on all parties.</td></tr>
<tr><td>Delivery Pay-in</td><td>On Tender Days:
T+2 working days by 11.00 am. (“T” stands for tender day)

On Expiry Day: (“E” stands for Expiry day)

E+2 working days by 11.00 am. (“E” stands for Expiry day)</td></tr>
<tr><td>Funds Pay-in</td><td>T/E+2 working days by 11.00 a.m. (“T” stands for tender day)</td></tr>
<tr><td>Funds Pay-out</td><td>T/E+2 working days by 05.00 p.m.</td></tr>
<tr><td>Delivery Pay-out</td><td>T/E+2 working days after completion of Funds Pay-in</td></tr>
<tr><td>Mode of Communication</td><td>Through EDCM (Electronic Debit Credit Module) system / CCRL/ NERL/ Physical or any other system as may be notified by the Exchange / CC from time to time.</td></tr>
<tr><td>Validity Period</td><td><table><tr><td>Initial validity</td><td>Re-validation validity (Based on the request of commodity holder)</td></tr><tr><td>90 days</td><td>90 days</td></tr></table>Maximum, one revalidation is allowed.</td></tr>
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<tr><td>Penal Provision</td><td>
I - Seller Default:
A penalty of 3% of DOR shall be imposed on such defaulting Seller. Out of this, 1.75% will be deposited to IPF, 1% of penalty will be credited to the Buyer & balance 0.25% will be retained by the Exchange as administrative expenses.

Additionally, the difference between Delivery Order Rate (DOR) / DDR 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.

II - Buyer Default:
The buyer will have to compulsorily take delivery of goods. Default on taking delivery by the buyer is not permitted and therefore, the amount due from the buyer for delivery obligation shall be recovered from the buyer as pay-in of funds on stipulated pay-in day. Failure to discharge the pay-in amount will be treated as pay-in default which may lead to deactivation of the trading terminal/s of the member and will also be liable for such other actions as Exchange/CC deems appropriate.
The Exchange/CC, as deemed appropriate, shall have the right to sell/dispose the goods through auction (or through other appropriate mechanism as and when required) on account of such defaulting buyer to recover the dues.
Penalties & charges to be debited to defaulting Buyer
<table>
<tr><td>S. No</td><td>Where Auction is fully conducted</td></tr>
<tr><td>1.</td><td>A penalty of 3.00% of DOR, out of which 1.75% will be credited to IPF and 1.25% will be retained by the Exchange as administrative expenses.
AND</td></tr>
<tr><td>2.</td><td>Difference between DOR & Auction price if Auction price is lower than DOR.</td></tr>
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</td></tr>
<tr><td>Allocation of Delivery</td><td>On the respective tender days at end of trading session.</td></tr>
<tr><td>Delivery Order Rate (DOR)</td><td>Settlement / closing price on the respective tender days except on expiry date. On expiry date the delivery order rate shall be the Due Date Rate (DDR) and not the closing price.</td></tr>
<tr><td>Buyer’s Obligation</td><td>The buyer shall not refuse taking delivery and such refusal will attract penalty as per the penal provision.</td></tr>
<tr><td>Close Out of Outstanding Positions</td><td>All outstanding positions on the expiry of contract, which are not settled by way of delivery in the aforesaid manner, will be settled as per the due date rate with penalty as per penal provisions.</td></tr>
</table>

Verification by the Buyer at the Time of Release of Physical Delivery	At the time of taking delivery, the buyer can check his delivery in front of the designated warehouse personnel, within the premises of the approved warehouse. If the buyer is satisfied with the, weight and quality of **PEPPER**, then he will receive the same instantly. If he is not satisfied with the goods, then he will leave the goods with the warehouse agency for assaying by the Exchange/CC designated agency. If the buyer chooses for assaying, the approved warehouse will request the assayer facilities to collect the relevant samples from the warehouse premises and then revert with assayer's new assaying report. Such report will be final & binding on both buyer and seller. If the assayer's grading report matches with original Quality Certificate (with in the tolerance limit), then the buyer will have to take the delivery and will pay for all the subsequent charges i.e., assaying and storage charges.
Delivery Centre(s)	Exchange/Clearing Corporation designated warehouses at delivery locations CWC Warehouse Kadavanthra, Ernakulam (Basis Center).
Legal Obligation	The members will provide appropriate tax forms wherever required as per the applicable law and as customary and neither of the parties will arbitrarily refuse to do so. On every delivery whether on tender days or on the date of expiry, appropriate tax invoicing will be exchanged between the sellers and the buyers through the Exchange/CC and the Exchange / CC will debit and credit the tax amount to the respective member's account.
Taxes, Duties, Cess and Levies	Ex - CWC Warehouse Kadavanthra, Ernakulam (exclusive of all tax and levies and GST)
Evidence of Stocks in Possession	At the time of issuing delivery order, the Member must satisfy the Clearing Corporation that he holds stocks in the warehouse.

Validation Process for giving delivery	A seller is required to approach Exchange approved warehouse facilities well in advance. a. Client will submit the **PEPPER** with evidence of ownership along with invoices / valid documents. b. Approved warehouse will confirm to the ICEX/CC norms for the acceptance of delivery of the PEPPER while taking deposits for Exchange delivery. c. All communication between the approved warehouse and the client will be under intimation to Clearing Corporation. d. Approved warehouse will receive the **PEPPER** and a receipt for the same will be generated to the client (owner of **PEPPER**) in CCRL/NERL/EDCM or as may be decided from time to time. e. WR/eNWR/Units equivalent to the **PEPPER** deposited weight will be credited / eNWR will be issued for CCRL/NERL or credited in Client's EDCM account, to the extent of the quality approved as per the contract specifications by the quality specifying agency/Warehouse Manager. For example if the **PEPPER**, approved as per the quality specification by the quality specifying agency, deposited is 100 MT, the client will get a credit of 100 WRs/Units/eNWRs. f. The said WRs/Units/eNWR can be delivered on the Exchange platform. g. In case the Pepper deposited is not as per the Exchange norms then it will be returned back to the said client/member by the approved warehouse.

Lifting of physical delivery from the warehouse	In case the WR/Unit/eNWR holder is interested to take physical delivery of **PEPPER**, against his WR/eNWR/units, he can surrender such WR/eNWR/units to Clearing Corporation/CCRL/NERL and get physical delivery, at any point of time at his discretion, subject to the conditions specified herein. Delivery of physical **PEPPER** from the approved warehouse will be offered in specified lot sizes and at specified locations only, where the Exchange has made approved warehousing and delivery arrangements. Therefore, an WR holder can opt for physical delivery of **PEPPER** by surrendering the required number of WR(s) to the warehouse For the purpose of taking physical delivery of **PEPPER**, the Member shall send the required details to Clearing Corporation along with an Authority letter on his letter head, authorizing a representative on his behalf to take the delivery. The Authority letter sent by the Member shall consist of the following details: a. Name of the authorized representative. b. Name of the Approved warehouse along with the location c. Signature of the authorized representative. d. Proof of Identity viz. PAN card, driving license, Election ID, AADHAR e. Photo identity proof duly attested and stamped by the Member. Or/and the details as required by the warehouse (including CCRL/NERL documents if required) at the time of delivery of the goods. The above-mentioned details are required to be sent to Clearing Corporation. Once Clearing Corporation receives the above-mentioned details, the Clearing House/Clearing Corporation will send Delivery Order (DO) to the Approved warehouse authorities directly. Based on the Delivery Order received, the Approved warehouse will issue the requested **PEPPER** to the authorized representative who has to present himself personally at the Approved warehouse along with the requisite photo identity proof in original, the same document which was earlier sent / communicated to the Exchange/CC by the Member. The Approved warehouse officials, upon final scrutiny/checking of the identity of the recipient of the **PEPPER**, will hand over the same to him. In case of any discrepancy/ doubt or for any other reason that may create suspicion in his mind, the Approved warehouse officials may refuse to issue the goods to the representative under the intimation to the Clearing Corporation. The delivery given to the representative shall be final & binding to the Member and their constituents at all times.

Deliverable Grade of Underlying Commodity	The selling members tendering delivery will have the option of delivering such grades and at such locations as per the contract specifications. The buyer has no option to select a particular grade and the delivery offered by the seller and allocation done by the Clearing Corporation shall be binding on him.
Endorsement of Delivery Order	The buyer member can endorse delivery order to a client or any third party with full disclosure given to the Clearing Corporation. Responsibility for contractual liability would be with the original assignee.
Extension of Delivery Period	As per Exchange/CC decision due to a force majeure or otherwise.
Arbitration	As per Exchange/CC Bye laws.
Applicability of Byelaws, Rules and Regulations	The general provisions of Byelaws, Rules and Regulations of the Exchange/CC and decisions taken by SEBI, Board of Directors and the applicable Committee of the Exchange/CC in respect of matters specified above will form an integral part of this contract. The Exchange/CC or SEBI as the case may further prescribe additional measures relating to delivery procedures approved warehousing, quality gradation, margining, and risk management from time to time. In case of dispute arising on quality of the goods not conforming to the contract specifications and discovered/found out subsequently, the introducing member and/or its constituent who has tendered delivery on Exchange platform shall be liable for all losses/cost/close out released earlier, as may be decided by the Exchange/CC in the matter and which shall be final and binding to the member. Further, the Exchange/CC is not responsible and shall not be held liable or accountable or responsible for value of the goods of the commodities stores in CC approved warehousing agency and which is fully/partially confiscated/ seized by any local or statutory or any other authority for any reason whatsoever or for any deterioration in quality of the goods stored due to above reason or which have passed the Final Expiry date and continue to remain in the Exchange/CC approved warehouse. The decision of the Exchange/CC shall be final and binding to all the members and their constituents in this regard. (The interpretation or clarification given by the Exchange/CC on any terms of this contract shall be final and binding on the members and others).