

NCDEX SPOT Exchange Limited

Circular to all trading and clearing members of the Exchange

Circular No. : NCDEX SPOT/TRADING/048 /2010/064

Date : 06th September 2010

Subject : Contract Specifications & Special terms and conditions for Auction of
Sugar S grade at Solapur

Trading & Clearing members are hereby requested to take a note of the contract specifications & special terms and conditions for Sugar on the Exchange platform.

Commodity	Ex- Location
Sugar S - Grade	Solapur

The Contract Specifications along with the Special terms and conditions are given in **Annexure 1**.

The contract and the transactions therein will be subject to Rules, General as well as Special terms & conditions, circulars, directives & notices issued by the Spot Exchange from time to time.

For and on behalf of
NCDEX Spot Exchange Limited

Praveen Hiremath
Vice President - Products & Business Development Group

For Further information/clarification, please contact

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Terms & Conditions Of E-Auction FOR SALE OF Free Sugar By Lok Mangal Sugar Mill, Solapur

Seller: Lok Mangal Sugar Mill

Auction Contract Symbol: LOKSUGS30J

Auction Discription: Lok Mangal Sugar S-30 grade in 50.14 Kg (Net Weight + Bag weight) PP bags from Solapur.

Auction NO: LOK/SUGAR/SOL/1

Auction DATE: 06th September 2010

Auction Quantity : 496 MT

Auction Schedule: Enclosed

Balance Full consideration inclusive of excise duty and other cess for the winning bids to be paid on or before.

The Exchange invites electronic bids on NCDEX SPOT Exchange e-auction platform (<https://trade.nspot.in>) from interested buyers for sale of free sugar offered by Lokmangal Sugar ethanol & Co-Gen.Ind.Ltd., Bhandarkavthe, Tal-South Solapur.Dist.Solapur

DEFINITIONS:

AUTOMATED TRADING SYSTEM shall mean the computer system including hardware, software and related communication systems made available by the Exchange for online selling and buying of goods.

BID means the price quoted by the Bidder for the minimum lot of 16 MT of sugar offered for auction by the Seller

BIDDER means any legal entity who places a Bid on the Exchange platform either as a registered Member or through a registered Member of the Exchange to buy sugar and shall include registered Member of the Exchange for limited purpose of compliance of financial obligations under auction process.

BUYER means the person or entity whose bid is the winning bid and/or who is declared as the Buyer by the Lok Mangal Sugar Mill and has offered to purchase sugar under auction on the Exchange platform in accordance with the prescribed terms and conditions. The term shall include registered Member of the Exchange if the Bid is on account of registered Member himself and if the Bid is on account of any client, this term shall include registered Member for limited purpose of compliance of financial obligations under auction process.

EXCHANGE shall mean the NCDEX SPOT Exchange Ltd.

SELLER means Lok Mangal Sugar Mill, Solapur

USER means any entity who uses the Exchange trading network or website and/or the related services provided by the Exchange.

Terms and Conditions:

1. Auction of sugar sold/bought on the Exchange shall be on `as is where is' and `Non complaint' basis on the online platform of NCDEX Spot.
2. **REGISTRATION**
Buyers intending to purchase the Sugar auctioned shall have to register as participant member with the NCDEX Spot Exchange as per Rules of the Exchange. Buyers who are not members and not registered as participant members will have to bid as clients through existing registered NSPOT TCM members.
3. A Bidder can participate in any number of auctions provided he has sufficient EMD deposited with Exchange
4. **ITEM, QUALITY AND QUANTITY:**
The Sugar is offered by LOK MANGAL SUGAR MILL, SOLAPUR. at the below-mentioned location/s.

Sr No	Item (Grade)	Location	Production year	Minimum Bid Quantity(MT)
(i)	Sugar S-grade in 50 kg PP bags	Solapur	2010	16

5. PRICE/BID:

- (i) Bidder will have to place bids on the Exchange platform for the minimum 16 MT and multiple of 8 MT thereafter subject to maximum of 496 MT.
 - (ii) The floor price quoted by the Seller in the auction is inclusive of excise duty and any other Cess. Buyers are advised to place their bids accordingly.
- 6. Bids received for less than the specified quantity shall not be considered.**

7. **Seller reserves the right to reject the bids received in the E-Auction without assigning any reasons whatsoever.**
8. **Seller reserves the right to alter the quantity for offer, depending upon the price received.**
9. Auction process: - There can be multiple auction bids for an auction order at different prices. Auction bids will be accepted as long as the total order qty of the auction order can be allocated among the different auction bids based on price, quantity and time priority. At the end of the session bids will be matched with the auction order and trades will be generated for all the auction bids to which some qty can be allocated at the respective bid prices.
10. The final obligation of the Buyer would be the bid amount along with the applicable **taxes/levies/cess etc. For this contract, the bid amount as applicable shall be payable by the Buyer. Any taxes or levies made applicable before the actual physical delivery shall be borne by the Seller / Buyer as the case may be and shall be collected from the Buyer at the time of physical delivery if payable by the Buyer.**
11. The bidders shall place their bids online on NCDEX Spot Platform/Exchange Platform through the online trading system available on link <https://trade.nspot.in> as per the terms and conditions of the E Auction
12. However, if any bid is received 3 minutes prior to the scheduled auction closing time then the auction schedule shall be extended for 5 minutes over and above the scheduled auction closing time. There shall be maximum 3 such extensions.
13. The Bidders are required to quote in **Indian Rupees/Quintal** for each item on offer.
14. Any bid placed using the bidder's username and the password shall be deemed to be an unconditional binding on the bidder to whom such username and the password has been allotted by NCDEX Spot, inter-alia, for the purpose of the E-Auction and the bidder shall be solely and fully responsible for all the activities that occur under such username and password. The user is therefore advised to check the username and the password before the E-Auction and is advised not to reveal it to anyone else so as to prevent misuse of the same.

15. **TRANSACTION CHARGES**

NCDEX Spot shall charge transaction fee of **0.075% of the contract value from the Buyer**, which the Buyer shall have to pay directly to NCDEX Spot before taking the delivery of the cargo.

9. **PAYMENT AND LIFTING OF THE STOCKS:**

- a. The Buyer will be required to lift the entire stock within **15 consecutive days or the end of the Calendar month, whichever is earlier** from the date of the award of the E-auction by the Seller /Exchange. Delivery can be availed after paying full sale Consideration for the quantity to be lifted, in advance, to NCDEX Spot by way of:- Demand Draft/Pay Order made in the name of NCDEX Spot Collection Account payable at Mumbai; Direct Transfer/RTGS to Exchange Settlement Account having following details :
- b. **A/c Name -NCDEX Spot Collection; Bank—HDFC bank; A/c no. - 600340051098, Branch - Fort Branch, Mumbai; IFSC Code- HDFC0000060.**
- c. The Buyer should intimate NCDEX Spot for the transfer of funds through the Participants Fund Management (PFM) module – <https://pfm.nspot.in> in the prescribed manner. (Contact Customer Service Group on +91 22 66473153/54). The amount deposited by the Buyer would determine the quantity which can be lifted by the buyer. The Buyer would mark intention of the quantity to be lifted through CSTRACKER module - <https://cstracker.nspot.in>. The Seller would then allocate lots in CStracker against the buyer intention.(Contact Customer Service Group on +91 22 66473153/54)
- d. After making the full payment for the quantity to be lifted the Buyer would receive an electronic credit of the lots in the Commodity Management System (CMS) of NCDEX Spot – <https://cms.nspot.in>. The Buyer can withdraw the assigned lots by giving an electronic withdrawal request in CMS. (Contact Customer Service Group on +91 22 66473153/54).
- e. The Seller's responsibility shall cease once the goods leave the warehouse premises and no claim from the Buyer will be entertained thereafter.
- f. The Buyer will not be allowed to segregate /sort the stocks during lifting. However, sweeping and water damaged cargo will be allowed to be segregated.

g. In case, the Seller fails to deliver the auctioned commodity within the stipulated time to the Buyer despite the Buyer approaching for lifting, NCDEX Spot shall refund the amount to the Buyer and the transaction shall stand cancelled.

h. CANCELLATION OF CONTRACT:

a) If the Buyer fails to lift the goods within specified delivery period for reasons other than Force Majeure, the Seller shall be entitled at his option to cancel the contract and recover the damages besides forfeiture of Bid Bond. The Seller shall not be liable to any risks and costs, whatsoever, consequent upon such cancellation of the contract

16. AUCTION SESSION

(i) The E-Auction would remain open for the period as follows:

Auction open time: 06.15 pm dated 06th September 2010

Auction duration First 30 minutes plus 5 minutes extension in case of bids received in last 3 minutes of closing time. (Maximum of 3 extensions of 05 minutes each)

Auction conclusion time: 06.45/07.00 pm dated 06th September 2010

(ii) The Exchange reserves the right to extend, suspend or cancel an auction session after notifying to the members.

7. EARNEST MONEY DEPOSIT (EMD)and Security Deposit(SD):

(i) Bids will be accepted **without any margin** during the e auction time period from all the NCDEX spot registered members.

(ii) The buying bid history will be communicated to the mill immediately at the end of the auction.

(iii) The bid prices adjudged as winners by the mill will be communicated to the respective bidders.

(iv) The winning bidders need to bring in 5 % of the bid quantity and deposit in exchange account by 2 p.m next working day known as EMD. Failure to bring in the margin amount of 5% will result in losing the bid quantity and other actions as deemed fit by the exchange.

(v) There will be a common Exchange EMD/SD account for all auctions. The applicable EMD/SD amount will be blocked for the allocated quantity.

- (vi) EMD/SD can be paid into Exchange designated EMD account in the modes specified below before placing of the Bid:
 - a) by Cheque/DD
 - b) by RTGS transfer
 - c) by /direct deposit
 - d) any other channel specified by the Exchange
- iii) EMD amount would be forfeited if the buyer fails to provide the balance consideration before the stipulated time as per Schedule I.
- iv) In case of forfeiture of EMD, Exchange will retain 1% of such EMD towards processing charges, 1% towards Investor Protection Fund and the remaining 3 % would be transferred to the Seller. Every Bidder shall be deemed to have irrevocably authorized the Exchange to forfeit and appropriate the EMD in the aforesaid manner as a precondition for every Bid.

8. BIDS :

- i) Bidder will have to quote for the minimum 16 MT and for multiple of 8 MT thereafter subject to maximum of 496 MT under auction with the price inclusive of excise duty.
- ii) The incremental tick size shall be Rs 1.
- iii) No cancellation of Bids shall be allowed during an auction session.
- iv) Requests for cancellation received after conclusion of an auction session shall result in forfeiture of EMD of the buyer/s.
- v) The Exchange reserves the right to accept or reject Bids if in the opinion of the Exchange, such action is necessary for regulation of dealings on the Exchange platform.
- vi) The Exchange may also cancel, reschedule or postpone the auction session under notification to the members.

9. SETTLEMENT OF BALANCE FUND OBLIGATION

- i) The EMD blocked of the winning Bidder/s would be adjusted against the full consideration/SD payable by the winning Bidder.
- ii) The winning Bidder shall make pay-in of the balance consideration amount towards the successful bid. In the event of excess or short delivery within permitted limits, the Buyer shall be refunded the proportionate amount towards the short quantity or the amount remaining after adjustment towards any excess quantity delivered.
- iii) Bidders bidding for the goods offered for sale shall be deemed to have taken into account and made due allowances for the cost of handling, loading or other expenses for the purposes of removal of the goods and shall be entirely responsible for transportation thereof from the location of the Seller.
- iv) The Buyer shall pay applicable Sales tax/VAT along with the bid price. If the liability of such tax and/or duty is in doubt, the Exchange will have a right to call upon the Buyer to make such provision as it may deem fit and proper to ensure the recovery of such taxes and/or duty when determined.

- v) The Exchange shall have discretion to call upon the Buyer to make good the amount of taxes and duties as applicable whenever such contingency should arise, or to recover the amount of such tax or duty from the Buyer by way of set off against any amount that might at any time become payable by the Exchange to the Buyer on any account whatsoever.
- vi) On successful completion of auction trade settlement, the Buyer would entitle to receive Sugar in 50.14Kgs Gross Weight (Net Weight + Bag Weight) PP Bags.

10. DELIVERY :

- i) The successful Bidder will have to take actual physical delivery of the stocks on or before the stipulated date as detailed in the Schedule hereto.
- ii) Partial delivery of the purchased lot shall be allowed.
- iii) Physical delivery of sugar shall be permitted provided the entire purchase consideration towards the quantity which was subject matter of auction has been received by the Exchange within the stipulated time as per Schedule-I.
- iv) The Buyer shall verify before or at the time of taking delivery that the sugar being delivered is packed in appropriate packing sizes and is of appropriate Grade as well as quality and Weight. The Seller's responsibility ceases once the goods leave the factory premises at the delivery location notified. The Exchange shall not entertain any reference as regards quality or quantity of sugar delivered.
- v) The Buyer shall take delivery of the purchased sugar during the office hours of the Seller, excluding holidays and in the event of the delivery requiring additional time, the Buyer shall give advance intimation of the same to the Seller. Any incidental expense as may be applicable for such additional period of delivery shall be borne by the Buyer.
- vi) The Seller shall issue and the Buyer shall receive the invoices as applicable for the purchase of sugar at the time of physical delivery.
- vii) In the event of failure by the Seller to deliver the auctioned sugar, the Buyer shall be entitled to refund of the entire funds deposited with the exchange towards the bid amount.

11. OTHER TERMS:

- i) The Buyers shall have requisite Govt. licence required for purchase of sugar and shall comply with all statutory requirements or norms of Govt as applicable from time to time including orders issued under Essential Commodities Act. The Buyers/Bidders shall produce any such license or other document as and when required by the Exchange.
- ii) The Buyer and Seller shall comply with all the applicable laws, Rules, Terms and Conditions of the Central and State Governments including orders issued under Essential Commodities Act and that of the Exchange and shall strictly adhere to the same. For any non compliance bidders/participants will be responsible and liable for the consequences.
- iii) The Exchange reserves the right to amend any/all terms or conditions or add more terms and conditions in respect of the auction and the same shall be binding on the Seller and the Buyers.

- iv) Participation and bidding in the auctions on the website shall imply that the Bidder has carefully gone through the terms and conditions, including amendments, if any, prevailing at the time of auction and has agreed thereto. No objections or complaints will be entertained once the Bid is placed.
- v) The Exchange does not give warranty or guarantee of the quality, quantity, condition, and chemical composition of sugar sold/purchased and about its "End Use" or fitness for a particular purpose.
- vi) The terms of auction as contained herein, Invitation of Bids, placing of Bids by the Buyer on the Exchange shall constitute deemed acceptance by the Seller and the Bidder of the terms of auction and shall constitute the contract between the Buyer and the Seller.
- vii) All the dealings shall be subject to the general or other terms and conditions of the Exchange applicable to members and participants.
- viii) Both the Buyers & the Seller agree to defend, indemnify and hold harmless, the Exchange from any loss, damage, cost and expenses caused by any reason during the transactions on the website. In no event shall the Exchange be liable for any loss of business, revenues, profit, costs direct and incidental, consequential or punitive damages of any claim.

- ix) FORCE MAJEURE:
 - a) Should any of the force majeure circumstances, namely act of God, natural calamity, fire, Government of India Policy, restrictions, strikes or lock-outs by workmen, war, military operations of any nature and blockades preventing the Seller/Buyer/Exchange from wholly or partially carrying out his contractual obligations, the period stipulated for the performance of the terms of auction contract shall be extended at the request of the party aggrieved by such Force majeure circumstances.
 - b) The party unable to carry out its contractual obligations shall immediately advise the other party of the commencement and the termination of the circumstances preventing the performance of the contract.

- vii) LIQUIDATED DAMAGES: In case the successful Bidder fails to lift the stocks within the stipulated time period the earnest money deposit (EMD) of the Bidder shall be forfeited. Further, the Seller shall be entitled to sell such unlifted sugar lying with the Seller beyond the stipulated time period for delivery.

- viii) DISPUTE RESOLUTION :
 - a) Any dispute or difference in respect of any matter relating to or arising out of the auction, if the same is not resolved amicably, shall be referred for resolution by Arbitration in accordance with the Rules and terms and conditions of the Exchange and the award made in pursuance thereof shall be final and binding on the parties.
 - b) Wherever the Exchange is a party to any dispute arising out of dealings on the Exchange platform, the Courts of Mumbai shall have exclusive jurisdiction.

- ix) The Exchange expressly reserves the right to terminate the use of, or to refuse to permit the use of its services and /or website by any person or entity, at its sole discretion for any reason and without notice.
- x) Neither the participation in auctions nor use of the services creates any agency, partnership, joint venture, employee-employer or franchiser-franchisee relationship between the Exchange and any user of the services

12. CONDITIONS FOR INTERNET CONNECTIVITY

- i) The Exchange shall not be responsible for any failure of power, Network, server, bandwidth problems, hosting server, Internet connectivity, ISP or otherwise, or slowness to access pages for downloading etc.
- ii) Any Bid placed using the Bidder's username and password shall be deemed to be unconditional binding of the Bidder to whom such username and password has been allotted and he shall be solely responsible for maintaining the confidentiality of the same and fully responsible for all activities that occur under such username and password. The User is therefore, advised to check the username and password before the auction and is advised not to reveal it to anyone else so as to prevent misuse of the same.
- iii) The Bids made by the Bidders against their username and password shall be irrevocable. The Bidders are advised to register and pre-qualify for bidding well in advance in the prescribed manner.

SCHEDULE - I

- 1) Name of commodity: SUGAR
- 2) Crop Production Year: 2010
- 3) Grade: S
- 4) Warehouse Location: Lok Mangal Sugar Mill godowns
Warehouse Address: Solapur
- 5) Quantity offered for e-auction (MT): 496
Minimum bid qty (MT): 16 MT
- 7) E-auction based on "As is where basis is"
- 8) Packing Size and bags: 50.14Kgs Gross weight (Net weight+ Bag weight) PP bags.