

CONTRACT SPECIFICATIONS

Commodity	Ticker Symbol	Basis	Delivery Logic
Steel Long	STEEL	Ex-warehouse Mandi Gobindgarh (exclusive of GST)	Compulsory Delivery

Quotation	GST	Trading and Delivery Unit	Tick Size	Expiry date	Aggregate	
					Member	Client
Rs. per MT	Exclusive	10 MT	Rs. 10 per MT	20th of the delivery month	6,00,000 MT	1,20,000 MT

Quality Specifications	Parameter	Mild Steel (MS) Ingots	Mild Steel (MS) Billets
	Carbon Content	Upto 0.3%	Upto 0.3%
	Manganese Minimum	Minimum 0.4% & Maximum 0.9%	Minimum 0.4% & Maximum 0.9%
	Sulphur	Upto 0.06%	Upto 0.06%
	Phosphorous	Upto 0.075%	Upto 0.075%
	Sulphur + Phosphorous	Upto 0.135%	Upto 0.135%
	Weight min	90 kg per ingot	--
	Length	48 inches per ingot	6 m +/- 200 mm
	Size	3 1/2 * 4 1/2 inch	100*100 mm to 110*110 mm
	Other parameters	<ul style="list-style-type: none"> Heat number to be mentioned on each ingot Ingots without harmful and appreciable hollowness, piping and rising Ingots must have reasonably plain surface 	<ul style="list-style-type: none"> Heat number to be mentioned on each Billet Billets must have reasonably plain surface
	Additional parameter	MS Ingots conforming to Bureau of Indian Standards (BIS) specification 2830 or 2831 produced by a BIS licensed plant/factory	MS Billets conforming to Bureau of Indian Standards (BIS) specification 2830 or 2831 produced by a BIS licensed plant/factory

Commodity at a Glance

NCDEX Steel Long Futures



- Benchmark Futures contract for Steel Long
- Hedging and price risk management tool for value chain
- Efficient and transparent price discovery
- Robust delivery mechanism
- Connects the entire value chain



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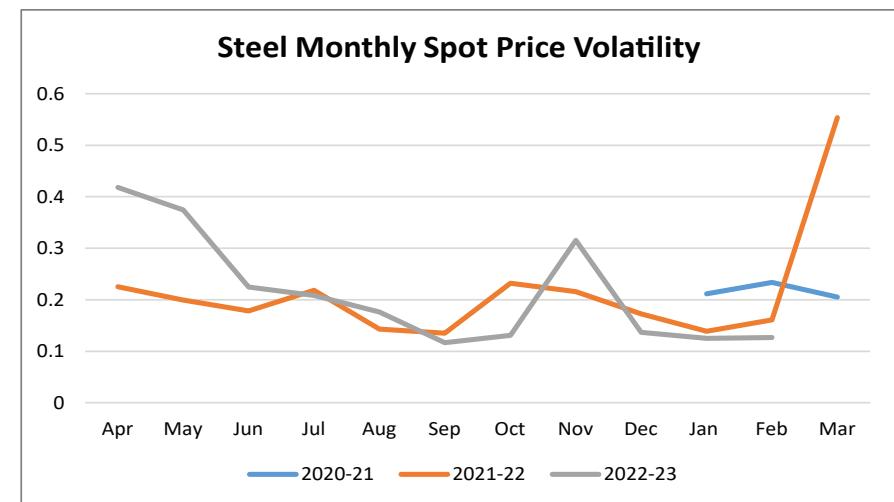
General Introduction – Steel

- India is the 2nd Largest Steel producer in the world
- Major Steel producing states in India are Punjab, Chhattisgarh, West Bengal, UP, Orissa and Gujarat.
- Steel Long mainly caters to the Infrastructure & Construction Industry

NCDEX Steel Long Futures Contract

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Price Movement across the Value Chain – Steel

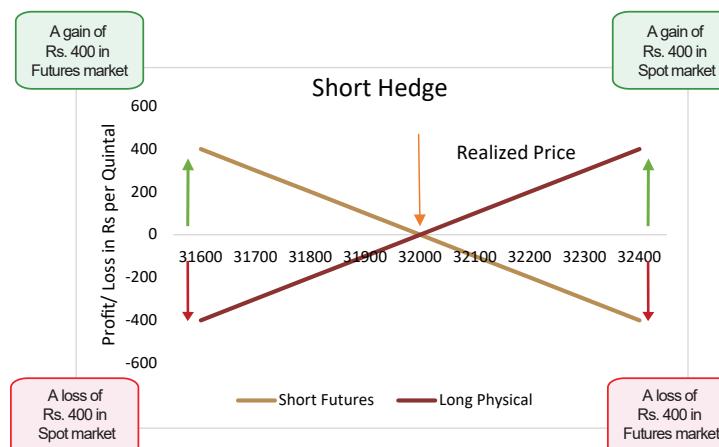
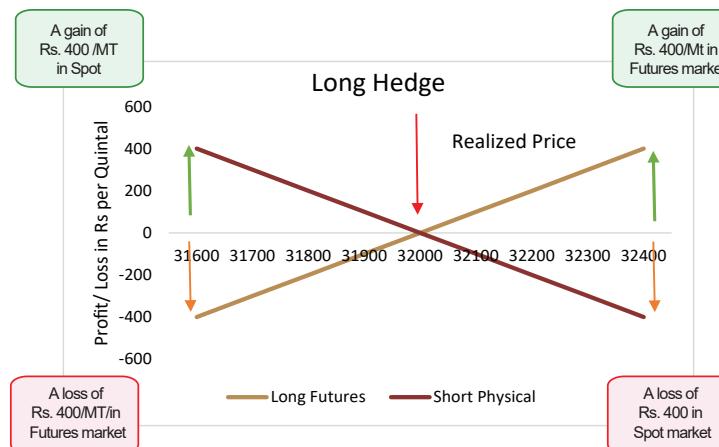


A Rolling Mill locks in the Steel Long Futures price at Rs. 32000/Mt for a long position

If the price of Steel decreases in the physical market, the gain in the physical market is offset by the loss in the Futures market

If the price of Steel increases in the physical market, the loss in the physical market is offset by the gain in the Futures market

PRICE RISK HEDGING



A Rolling Mill locks in the Steel Long Futures price at Rs. 32000/Mt for a short position

If the price of Steel decreases in the physical market, the loss in the physical market is offset by the gain in the Futures market

If the price of Steel increases in the physical market, the gain in the physical market is offset by the loss in the Futures market

Graphs : For illustrative purposes only

Steel Long – Value Chain

- Raw Material: Iron Ore, Scrap, Sponge Iron are the major raw material used for production of Steel.
- Finish Product: TMT, Angle, Channel etc are the finish products used by the Infrastructure/Construction Industry.
- Correlation Matrix for Steel Long Value Chain
- Semi Finish Product: Ingot / Billets produced by using above mentioned raw materials at the Furnaces/Steel plant are used by the Rolling Mills to make Finish Product

FACTORS AFFECTING PRICES – STEEL

- Pace of Growth in Infrastructure & Real Estate Sector.
- Steel Demand & Supply in domestic & International Markets
- Movement of Iron Ore prices globally
- Governments decision on Duties and taxes imposed on Import/Export of Steel & allied Products
- GDP growth rate in major Steel consuming countries.