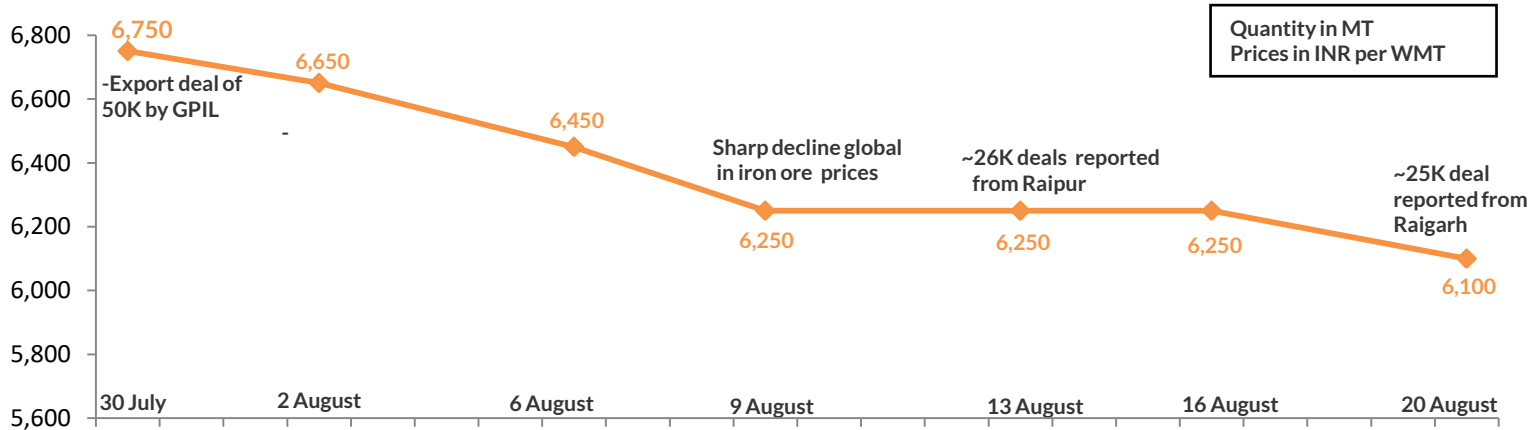


PELLEX Rationale

PELLEX- DAP Raipur (Delivered Price - Plantsite in Raipur)	INR 6,100/WMT*
Date and Time of publication	20 August, 2019 & 18.30 (IST)
Publishing Window	Monday to Tuesday
Last Index Price (16 August, 2019)	INR 6,250/WMT*
% change	2.4% ↓

*Rounded off to the nearest multiple of 50

*Prices on delivered basis (including freight) to a DRI maker in Raipur



Concluded Transaction Price	
<ul style="list-style-type: none"> •PELLEX down by INR 150 to INR 6,100 due to competitive offers from neighboring regions & dull export market sentiments •Raigarh based plant has concluded pellet deal for over 25,000 MT at INR 5,500 (Ex plant); normalizing for freight to Raipur at INR 6,000 - 6,100 (DAP Raipur). 	
Firm Offers	
<ul style="list-style-type: none"> •Raipur based plants' have decreased their offers by INR 200 to INR 6,200/MT (Ex-plant); normalizing for freight to Raipur at INR 6,350/MT (DAP Raipur) •Offers from Jharsuguda (Odisha) based pellet maker are reported at INR 5,400/MT (Ex-plant); normalizing for freight to Raipur at INR 6,150/MT (DAP Raipur) 	
Firm Bids	
<ul style="list-style-type: none"> •SteelMint P-DRI Assessment (Aug 20, 2019) down by INR 600/MT to INR 15,500/MT (Ex-Raipur) against P-DRI assessment (Aug 16, 2019) at INR 16,100/MT (Ex-Raipur) amid weak finished steel demand •Two firm bids were reported at INR 6,150 (DAP Raipur) •Buyers are waiting for further fall in pellet price for substantial buying interest 	
Export Realization	
<ul style="list-style-type: none"> •No export transactions were reported as Chinese steel mills are preferring iron ore lumps over pellets •Pellet Export realization has come down to USD 96-100/DMT FoB (AI 3%) due to absence of bids from China •Ex Plant export realization coming around INR 5,500-5,600/WMT; same is an indicative price and no deals reported at this price 	
Substitute Parity Price	
<ul style="list-style-type: none"> •Considering land cost of Lump and other factors like yield, conversion cost etc for NMDC and Orissa; the substitute parity price for Pellet is INR 6,200 (DAP Raipur) •According to railway movement data compiled with SteelMint, NMDC supplied only 8 iron ore rakes to Chhattisgarh based units during 1st half of the month (1st-15 Aug'19) over monsoons. On an average NMDC supplies around 40-50 rakes to state based units in a month's time •Market expects NMDC to revise iron ore prices this week 	
Statistical Exclusion for Bids and Offers (no. and normalized values)	3 Bids at INR 5,600 and 5,650 (DAP Raipur)



PELLET SPECIFICATION

India Domestic Pellet specification, DAP Raipur		
S. No.	Particulars	Specifications
1	Price	INR per metric tonne
2	Fe Content	Base 63.5%, Range 63% to 64%
3	Silica	Base 3.5%, Maximum 5.0%
4	Alumina	Base 2.0%, Maximum 4.0%
5	Combined Silica / Alumina	Maximum 7.0%
8	Trade Size	Minimum 2,500 MT, Maximum 10,000 MT
9	LOI	Base 3.0%
10	Delivery Terms	DAP Raipur (Delivered to Buyers site in Raipur)
11	Delivery period	Within 2 -4 week
12	Assessment Frequency	Twice in a Week
14	Data collection	Window 1 - Monday 9.00 until Tuesday 17.30 (IST) Window 2 - Wednesday 9.00 until Friday 17.30 (IST)
15	Publication	Window 1 - Tuesday 18.30 (IST) Window 2 - Friday 18.30 (IST)
15	Payment Terms	Advance (Loaded to Truck)

Note:

- Transactions/market information not covered in the previous cycle to be considered in the next cycle
- PELLEX assesses DAP Raipur Prices. DAP is Delivered at Place, meaning prices on delivered basis (including freight) to a DRI maker in Raipur
- For more details, refer to SteelMint PELLEX Methodology document