

Methodology

India Domestic Billet

Price Index

EXW Raipur



Methodology overview for billet price index Ex-works Raipur, India

Raipur in central India is a key centre for billet trade with steel producers buying billet from other Raipur-based producers as well sourcing these from regions such as Odisha and Raigarh. Most trading is done through brokers who connect the sellers to the buyers in Raipur.

SteelMint conducts daily assessment of induction route billet cargoes that are sold on a free-on-road basis in Raipur and

comply with quality and quantity specifications. The assessment places the highest value to concluded transactions that have been confirmed by a reputed and trustworthy buyer, seller or broker.

As with all SteelMint assessments, analysts and management are equidistant from all market players and do not favour or disfavour any transaction or market participant.

Data collection

SteelMint analysts contact the widest range of market participants, including major Raipur, and Odisha based billet producers, buyers in Raipur and brokers engaged in facilitating billet sales. There is a continuous review of the credibility and timeliness of information provided by various market participants with unreliable information providers weeded out of the data collection process. Analysts reach out to contacts

through a variety of means such as telephone calls, email and messenger platforms such as whatsapp. Market participants are also encouraged to provide relevant trading information to SteelMint electronically or via a phone call.

Market data that is considered for the price calculation should have relevant details such as bid, offer or deal prices, volume, origin and quality specifications.

Trading window

The billet market in Raipur is active through the day with trading typically starting at 11.00 IST and final transactions stretching into 19.30 IST.

SteelMint collects market data during 11.00-17.30 IST. However, SteelMint only considers deals, bids and prices received in the 14.30-17.30 IST trading window, which is typically the most active part of the trading day, for final price calculation.

But if no deals are reported in the 14.30-17.30 IST trading window, SteelMint may consider deals in the earlier part of the

day (11.00-14.30 IST) for final price calculation.

The timestamp for assessment is at 17:30 IST Indian Standard Time (IST). No bids, offers and deals received after the timestamp are included in the data collection and calculation process.

However on Saturday, SteelMint considers deals, bids and prices received in the 11.30-15.30 IST trading window & the timestamp for assessment is at 15.30 IST.

Hierarchy of data

The highest importance in the price calculation process is assigned to confirmed deals received in the trading window where either a buyer or seller has provided details of the transaction. Trades reported by brokers directly involved in a sale are also considered for price calculation. Deals provided by reputed and trustworthy buyers, sellers and brokers are

included in the price collection and calculation process.

Confirmed bids and offers are also considered valuable for the pricing process. In periods when market activity is sluggish, analysts will poll market participants for indicative or tradable price levels for that day.

Transaction data threshold

SteelMint does not impose a minimum transaction threshold for arriving at an assessment as an arbitrary imposition of minimum market data may not truly reflect fundamentals like

seasonality such as when monsoon rains sharply affect traded volumes.

Frequency of assessments

The billet assessment is conducted and published on a daily basis. The Raipur billet index price will be published every

working day - Monday to Friday at 18.30 IST & Saturday at 16.30 IST.

Assessment Details

| | |
|------------------------------|--|
| Assessment name | Billet, Exw, Raipur |
| Chemical composition | Phosphorus <0.09%; Sulphur <0.05%; Carbon: 0.15-0.25%; Manganese >0.4% |
| Physical composition | Typical size: 100mm*100mm |
| Quality specification | IS2831 (Induction grade) |
| Delivery | 1 week |
| Payment terms | Payment after delivery (within 5 days) |
| Quantity | Min: 100 MT; Typical: 100-200 MT |
| Assessment frequency | Daily |
| Data collection | Daily |
| Data publication time | Mon-Fri at 18:30; Sat at 16:30 |
| Currency | INR |

Normalization for larger sized billet

The typical size of billet sold in Raipur is 100*100mm but larger sized billet cargoes are sold at a premium. For transactions of atypical billet cargoes, the premium for the larger size, as provided by the buyer/seller/broker, is included in price calculations. The rationale for the assessment mentions the premium amount due to the size variation. The premium for large-sized billet cargoes at present is as follows:

| Size | Premium |
|-----------|---------|
| 100*100mm | Base |
| 110*110mm | 0 |
| 125*125mm | +100 |
| 150*150mm | +100 |
| 165*165mm | +100 |

Price calculation process

Round Off Value (in multiples of INR 25): Example 29,578 will be considered 29,600; similarly 29,528 will be 29,550 and 29,523 will

be 29,500 for the sake of convenience.

Outliners (Indicative/Bids/Offers)

SteelMint calculates the price at which trades of Raipur billet takes place and the exclusion of prices is fixed with +/- 1% on the

price collection.

Delivery terms

SteelMint typically considers deals, bids and offers with a 2-8 days delivery period to Raipur. Material delivered before 2 days and after 8 days are not included in index calculation.

Cargoes with volume less than 100 MT are not considered for price calculation.

Payment terms

SteelMint considers deals, bids and offers for payments made within 5 days of signing of the contract. However there is a discount given to buyers if payment is made in advance, while buyers have to pay a premium if payment is delayed. Currently these are the various premium and discount on base terms:

| Payment period | Premium/Discount |
|----------------|------------------|
| Within 3 days | Base |
| Advance | -100/t |
| 15-20 days | +300-400/t |
| 25-30 days | +500-600/t |

Exclusion of market data

SteelMint analysts will exercise judgment in excluding market data when a deal, bid, offer and indicative price is significantly higher or lower than average price in the market in that week. Exclusions are not automatically done based on any set formula

but are made only in cases when the feedback from the market and application of mind by SteelMint's experienced analysts justifies such a change.

Rationale publication

A rationale for the assessment which will include a summary of the type and number of data points considered for price calculation. Reasons for exclusion of deals and premium for

atypical billet cargoes, if any, are published on the day of publication of prices to provide transparency to the assessment process.

Correction of assessments

SteelMint will publish corrections of assessments if an error has resulted due to faulty entry of data or an unintentional omission of data point in the price calculation process. However, prices

will not be corrected or updated in any manner if new deals or bids/offers become available after the weekly timestamp.

Record keeping

Records of price sheets used in assessment, calculation, rationale and notes taken by reporters during the data collection

and discussion process with contacts are stored securely in physical or electronic forms for a reasonable period of time.

Methodology review

The basic purpose of any pricing process is to accurately reflect market fundamentals and as such the methodology is open to review as market conditions, specifications and modes of trading and pricing contracts change. Once editors and the

management decide to review the methodology, sufficient time will be provided to external stakeholders to comment on the proposed methodology changes via email or other

India billet trade in domestic market

| S. No | Place | Delivery | Time* | Frequency |
|-------|------------------|----------|-----------------------------------|-----------|
| 1 | Mandi Gobindgarh | DAP | 11:45, 13:15, 15:30, 16:45, 18:00 | 5 |
| 2 | Durgapur | DAP | 11:45, 15:30, 18:00 | 3 |
| 3 | Kolkata | DAP | 11:45, 15:30, 18:00 | 3 |
| 4 | Rourkela | EXW | 13:15, 15:30, 18:00 | 3 |
| 5 | Raigarh | EXW | 11:45, 13:15, 15:30, 16:45, 18:00 | 5 |
| 6 | Raipur | EXW | 11:45, 13:15, 15:30, 16:45, 18:00 | 5 |
| 7 | Ahmedabad | DAP | 13:15, 18:00 | 2 |
| 8 | Bhavnagar | DAP | 13:15, 15:30, 18:00 | 3 |
| 9 | Goa | EXW | 13:15 | 1 |
| 10 | Jalna | EXW | 13:15, 18:00 | 2 |
| 11 | Mumbai | DAP | 11:45, 15:30, 18:00 | 3 |
| 12 | Chennai | DAP | 13:15, 18:00 | 2 |
| 13 | Hyderabad | EXW | 13:15, 15:30, 18:00 | 3 |

**Last update on Saturday is done at 16:30*

EXW- Ex works, DAP- Delivered at Plant Site

Payment within 0-5 days

We invite your participation

SteelMint's Billet index will enable industry participants to base their trades on a benchmark price and we encouragingly invite your active participation to reflect a wider and more representative set of fundamentals. Please do send your feedback by writing to us at **info@steelmint.com** or contacting the support team on **+91 97700 56666**.

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