

NCDEX
Building markets, creating possibilities

Introducing

STEEL SCRAP FUTURES CONTRACT

One benchmark price for the whole steel chain.

HMS 80:20 benchmark | **Priced by BigMint (PRA)** | **Cash-settled futures**

CONTEXT

~1,850 million tonnes of crude steel made worldwide in 2025

~30% of world steel is made from scrap (electric arc furnace route)*

~33 million tonnes of scrap generated in India*

~165 million tonnes is India's crude steel production*

*as of CY 2025 | source : World Steel Association

From the scrap yard to the rolling mill, billet, wire rod and sponge iron prices follow scrap. One contract manages price risk across the chain.

90% **price correlation of scrap with billet (BigMint daily prices)**

Why Steel Scrap Futures?

Benchmarked
Built on HMS 80:20, widely used scrap grade.

Measurable
BigMint, in collaboration with an IOSCO-compliant Price Reporting Agency (PRA).

Tradable
Standard 10 MT lot on the exchange.

Transparent
Defined grade, basis centre and price source.

Cash-settled
No physical delivery. Settled in cash.

CONTRACT SPECIFICATION

Contract at a glance

Underlying	HMS 80:20 melting scrap (80% HMS Grade 1 + 20% HMS Grade 2)
Price source	BigMint, in collaboration with an IOSCO-compliant Price Reporting Agency (PRA).
Basis centre	Ex-Mandi Gobindgarh (exclusive of GST); quoted in Rs per MT
Lot value (example)	At Rs. 34,000 per MT: 10 MT x Rs. 34,000 = Rs. 3,40,000

Ticker symbol
STEELSCRAP

Contract Launch Date
3 December 2026

Daily price limit
6%; extendable to 9%.

Min. initial margin
8%

Settlement
Cash settled

Trading hours
10:00 AM to 9:00 PM

Unit of trading
10 MT (1 lot)

Tick size
Rs. 10 per MT (Rs. 100 per lot)

Expiry date
20th of expiry month

STEEL SCRAP FUTURES: ONE BENCHMARK FOR THE WHOLE STEEL VALUE CHAIN.

How Steel Scrap Futures Work, Step by Step

1 Futures trade on NCDEX
10 MT lot, 10:00 AM to 9:00 PM.

2 BigMint assesses the spot price
NCDEX publishes the BigMint-assessed HMS 80:20 spot price every day for market reference.

3 Cash settlement
On expiry day, Futures settle on the average of BigMint polled price for last three days. No physical delivery.

HMS 80:20, the benchmark grade

80% Grade 1	20%

HMS Grade 1 is thicker, cleaner heavy melting scrap. Grade 2 (20%) is lighter scrap with relatively higher residuals.

Most widely referenced scrap grade internationally and the benchmark import grade for Asian markets.

BUYERS: hedge a rising scrap cost

Scrap may get costlier before you buy it. A futures gain offsets the higher cost.



Steel makers (arc and induction furnace)

BUY scrap futures

Locks in Futures price of steel scrap today. A direct hedge.

SELLERS: hedge a falling product price

Billet, wire rod and sponge iron prices follow in tandem. If they fall before you sell, **SELL scrap futures**: the gain offsets part of the fall.



Billet makers and traders ~90%*



Wire rod makers and traders ~90%*



Sponge iron producers ~85%*

**Price Correlation with HMS 80:20 scrap (daily prices) (BigMint, Oct 2023 to Oct 2026; Raipur and Durgapur).*

Worked example: a steel maker locks in its scrap cost (500 MT)

14 Jul: you need 500 MT of scrap in September. Scrap is Rs. 34,000 per MT. You BUY 50 lots of scrap futures at Rs. 34,000.

7 Sep: scrap has risen to Rs. 38,200. You buy at market and close the futures, which gain Rs. 4,200 per MT.

Result: you effectively paid Rs. 34,000 per MT. If scrap had fallen instead, you would pay less in the market but lose on the futures, so your cost stays near Rs. 34,000.

Scrap cost, with or without futures	Without	With
Bought at market (Rs/MT)	38,200	38,200
Futures gain (Rs/MT)		+4,200
Effective cost (Rs/MT)	38,200	34,000
Total cost (Rs lakh)	191.0	170.0

Saving: Rs. 21.0 lakh on 500 MT

Illustrative, using BigMint prices (14 Jul to 7 Sep 2026); futures assumed to start at the spot price and settle at spot on expiry; excludes margins and fees. Hedging protects the downside and gives up the upside.

Cost of trading, per Rs 1 crore notional value (buy and sell sides)

(Exclusive of brokerage charges)

CTT(sell side only)	Exchange charges	GST	SEBI charges	Stamp duty	Total (intraday)
Rs. 500	Rs. 580/cr.	Rs. 100	Rs. 20	Rs. 200	Rs. 1,400

Abbreviations: **HMS** Heavy Melting Scrap | **PRA** Price Reporting Agency | **EAF** Electric Arc Furnace | **MT** Metric Tonne

WHO CAN PARTICIPATE?

NCDEX Steel Scrap Futures (HMS 80:20) opens an exchange-traded avenue for Domestic and Global Participation

Value chain Participants
- Sponge Iron Producers
- Steel Makers
- Billet Makers & Traders
- Wire Rod Makers
- Construction Industry Players

Institutional Participants
- Foreign Portfolio Investors (FPIs)
- Alternative Investment Fund (AIF)
- Mutual Fund
- Retail Participants

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