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FOUNDRY SCRAP PRICES DIVERGE IN AUG'26; REGIONAL SUPPLY DYNAMICS DRIVE MIXED TREND

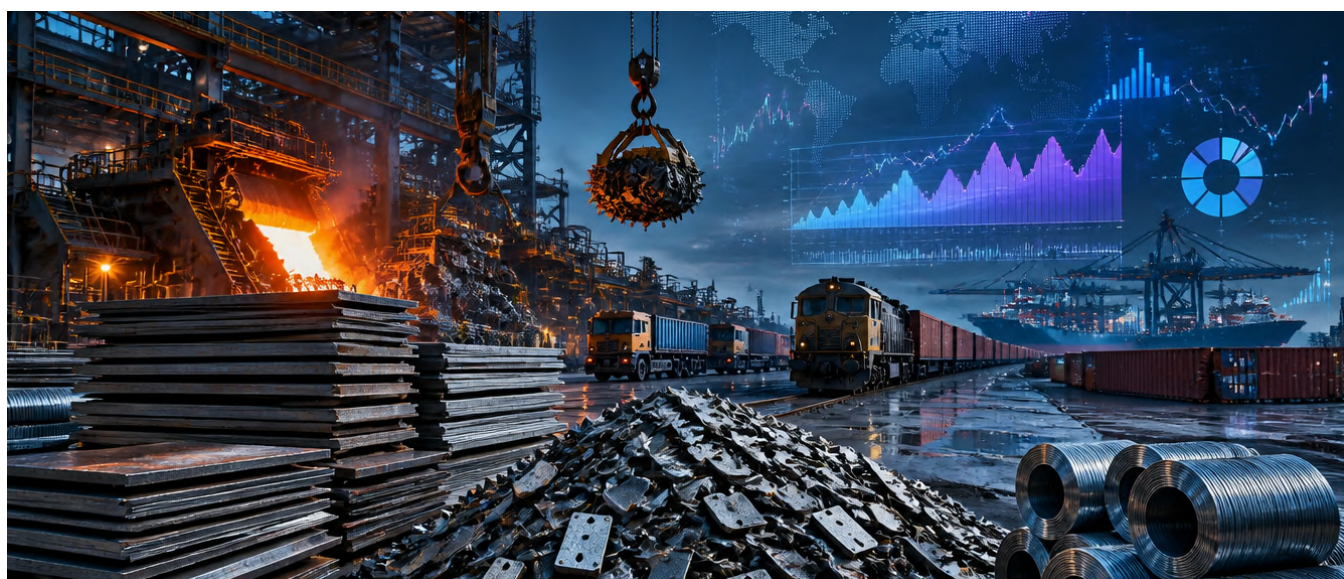
*Regional scrap availability and foundry buying patterns drive divergent price movements across major Indian markets in August, reports **S Shankar***

India's foundry scrap market witnessed a mixed price trend in the first half of August 2026, with regional differences in scrap availability and buying activity becoming more pronounced. Processed plate cutting prices increased in Kolhapur and Kolkata, while Chennai and Coimbatore recorded significant declines. Cold-rolled (CR) low-manganese (Mn) busheling followed a similar mixed pattern, with Kolhapur strengthening, Coimbatore weakening, and Chennai remaining stable.

Processed plate cutting prices increased by INR 550/t in Kolkata to an average of INR 39,250/t in August from INR 38,700/t in July, while Kolhapur prices rose by INR 150/t to

INR 38,350/t from INR 38,200/t. In contrast, Coimbatore recorded the sharpest decline, falling by INR 1,050/t to INR 37,600/t from INR 38,650/t. Chennai prices also declined by INR 950/t to INR 35,800/t from INR 36,750/t. The divergence suggests that regional scrap availability and local procurement requirements are playing a greater role in price formation.

CR low Mn busheling prices also moved unevenly across the assessed markets. Kolhapur recorded an increase of INR 750/t, with prices rising to INR 42,500/t from INR 41,750/t. Coimbatore prices declined by INR 500/t to INR 44,000/t from INR 44,500/t, while Chennai remained unchanged at INR 42,200/t.



Outlook

The July-to-August movement indicates that the earlier broad-based correction in foundry scrap has given way to a more region-specific market trend. Improved availability continues to weigh on prices in southern markets, particularly Chennai and Coimbatore, while firmer buying interest or relatively tighter availability has supported prices in Kolkata and Kolhapur. Chennai and Coimbatore are likely to

remain under pressure in the near term if scrap availability remains comfortable and foundry demand does not strengthen. Meanwhile, the price increases in Kolkata and Kolhapur could indicate comparatively tighter regional supply conditions. Overall, foundry scrap prices are expected to remain mixed with a mild bearish bias in the near term, with regional availability, foundry operating rates and procurement requirements likely to remain the key price drivers.



EV BATTERY HOUSINGS DRIVE SHIFT TOWARDS AL-MG ALLOYS, RAISING SCRAP SOURCING CHALLENGE FOR SECONDARY PRODUCERS

India's shift towards EVs is broadening aluminium alloy demand, creating new requirements for scrap quality, segregation, and chemistry control

India's automotive aluminium market is beginning to move beyond its dependence on cast Al-Si alloys such as ADC12, as electric vehicles create new demand for wrought Al-Mg alloys used in battery enclosures. The shift is still at an early stage, but it could have a significant impact on the secondary aluminium market because battery housings require tighter control of alloy chemistry than conventional mixed aluminium scrap can provide.

Al-Mg alloys in India's automotive aluminium segment are projected to grow at around 8% CAGR, with EV battery housing demand identified as a key driver. Hindalco's development of AA5182-H111 sheets for EV battery enclosures provides a domestic example of this transition, targeting the formability and dimensional-control requirements of these components.

The commercial scale of the application is increasing. Hindalco said it had delivered 75,000 aluminium battery enclosures by June 2026, compared with 10,000 in April 2025. This suggests that battery enclosures are moving beyond a development-stage application and becoming a meaningful outlet for automotive sheet aluminium in India.

Demand for EV battery housings changes alloy mix

The key distinction between ADC12 and Al-Mg alloys is their position in the aluminium value chain. ADC12 is a cast Al-Si-Cu alloy widely used in die casting, while 5xxx-series Al-Mg alloys such as AA5182 are wrought alloys commonly supplied as sheet for automotive applications.

India's push towards electric mobility is adding to demand for aluminium battery enclosures and, in turn, increasing the use of wrought aluminium in vehicles. India has set a broader objective of achieving a 30% share of EVs in total vehicle sales by 2030, while a NITI Aayog-RMI analysis outlined higher segment-specific penetration levels of 30% for private cars, 70% for commercial cars, 40% for buses, and 80% for two- and



three-wheelers. This shift is expanding aluminium demand beyond conventional die-cast applications and creating a larger market for sheet-based alloys used in battery enclosures.

This does not mean ADC12 demand will decline. EVs continue to use die-cast aluminium for structural and other components, while die casting remains an important route for vehicle lightweighting. The more important change is that electrification is widening the range of aluminium alloys entering vehicles, increasing the need to keep cast and wrought scrap streams separate and control alloy chemistry more closely during recycling.

Secondary aluminium producers face tighter scrap chemistry requirements

The growing use of wrought Al-Mg alloys highlights a limitation in the traditional secondary aluminium model: mixed scrap is relatively easy to collect but much harder to convert back into high-specification wrought products.

Mixed aluminium scrap from end-of-life vehicles is commonly downcycled into cast alloys because conventional shredding and sorting does not fully separate the multiple alloy families present in vehicles. This creates a particular challenge for wrought alloys, which have tighter chemical specifications and can require additional primary aluminium to dilute tramp elements before they can be used in high-

quality applications.

The reason is chemistry. Alloying elements such as iron, copper, silicon, and magnesium affect aluminium's properties and determine the suitability of scrap for different applications. The IAI notes that different aluminium alloy streams can be separated using technologies such as X-ray sorting, while impurities that cannot be removed mechanically have to be managed during melting and refining.

This is particularly relevant to secondary aluminium because copper and iron, along with silicon and manganese, can be difficult to remove from the aluminium melt using conventional refining methods.

This becomes particularly relevant for 5xxx-series alloys. For example, Novelis' RC5754, which corresponds to EN AW-5754, contains 2.6%-3.6% magnesium, with iron and copper limited to 0.4% and 0.1%, respectively. Such relatively tight chemistry specifications highlight why mixed aluminium scrap cannot simply be remelted into a specific wrought alloy without controlling the composition of the feedstock and, where necessary, adjusting the melt chemistry.

The issue is not that iron or other tramp elements make aluminium scrap unusable. Rather, higher impurity levels reduce the flexibility of the recycler and can force the material into lower-value applications or require additional processing. The IAI has specifically commissioned research into the effects and removal of impurities including



iron, copper, and magnesium from post-consumer aluminium melts.

Battery enclosures could create new premium for clean scrap

The implication for Indian secondary aluminium is that the market may increasingly develop a distinction between volume scrap and specification-grade scrap.

At present, a large share of recovered automotive aluminium can be remelted into casting alloys. That model works because casting alloys can accommodate a relatively broad mix of aluminium scrap, subject to chemistry control and dilution. The growth of wrought applications changes the economics because manufacturers need scrap that is more closely matched to the target alloy.

This could increase the value of identifiable 5xxx-series scrap from production and end-of-life vehicles. New manufacturing scrap from battery enclosure production should

be particularly valuable because its chemistry is known and contamination is limited. Post-consumer battery enclosure scrap could eventually become another important feedstock, provided dismantlers can identify and separate the material.

The development is already visible outside India. Novelis said its Automotive Circularity Platform is aggregating end-of-life automotive aluminium, including battery enclosures and structural components, to increase the availability of high-purity scrap. The company also said it has recycled aluminium from EV battery cases into new sheet used for vehicle components, including an outer door panel for Volkswagen's ID.7.

That points towards a potential closed-loop model in which battery enclosure scrap is not simply sold as generic aluminium scrap, but is collected, sorted, and returned to sheet production.

EU rules could accelerate alloy-specific sorting

The regulatory direction in Europe strengthens this trend. The EU adopted its new End-of-Life Vehicles Regulation in July 2026, which requires manufacturers to declare the recycled content of aluminium and its alloys and gives the European Commission the power to establish future minimum recycled-content requirements after assessing their technical, environmental, and economic feasibility.

More importantly for aluminium recyclers, the regulation requires aluminium from ELVs to be sorted into at least two fractions from September 2029: cast aluminium with silicon content above 1.5% and wrought aluminium with silicon content at or below 1.5%. From September 2032, the regulation moves to four aluminium fractions with additional limits on copper, iron, magnesium, and zinc.

For Indian recyclers, the direction matters even if the EU rules do not apply directly. European OEMs and component suppliers are increasingly likely to demand traceable recycled material with defined chemistry, while global automotive supply chains could push similar requirements into Asian sourcing.

Secondary aluminium sourcing faces longer-term shift

The shift towards higher-quality and more alloy-specific scrap comes at a time when India remains heavily dependent on overseas supplies. Around 80–85% of India's aluminium scrap requirement is met through imports, leaving secondary producers exposed to changes in global scrap availability and trade policy.

This vulnerability has become more visible in 2026, with the UAE imposing a temporary export ban on aluminium scrap from June 10 to October 8, while the EU is considering additional measures to retain more aluminium scrap within the region. EU

aluminium scrap exports reached a record 1.27 mnt in 2025, with India among the major destinations, according to BigMint data.

For Indian recyclers, these developments underline the need to diversify sourcing and strengthen domestic scrap collection, particularly as demand rises for cleaner, alloy-specific feedstock. The challenge is therefore not only securing sufficient volumes of aluminium scrap, but also securing the right grades and chemistry for increasingly demanding automotive applications.

The IAI already identifies separate collection of wrought alloys as a potentially economically viable development as their use in vehicles increases. The EU's 2029 and 2032 sorting requirements could accelerate investment in dismantling, spectroscopy, X-ray sorting, and other chemistry-based separation technologies.

As EV battery enclosure production expands, the distinction between ADC12 scrap and Al-Mg scrap is likely to become increasingly important. A market that has historically traded aluminium largely by form and broad grade could move towards chemistry-based pricing, traceability, and closed-loop supply agreements, particularly as automakers raise recycled-content targets and regulators place greater emphasis on the quality of material recovered from end-of-life vehicles.

