खनिज समाचार

KHANIJ SAMACHAR

Vol. 3, No-24

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In continuation of this it is requested that the mineral related news appeared in the Local News Papers of different areas can be sent to Central Library via email **ibmcentrallibrary@gmail.com** (scanned copy) so that it can be incorporated in the future issues to give the maximum coverage of mining and mineral related information on Pan India basis.

All are requested to give wide publicity to it and it will be highly appreciated if the valuable feedback is reciprocated to above email.

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 3, NO-24 , 16th – 31st DECEMBER , 2019

BUSINESS LINE DATE : 16/12/2019 P.N.9

GLOBAL		Change in %		
	Price	Weekly	Monthly	Yearly
Metals ($/tonne)				
Aluminium	1756	-0.9	-0.5	-8.2
Copper	6106	2.4	5.1	-0.9
Iron Ore	86	2.9	8.2	26.6
Lead	1893	0.9	-7.0	-2.6
Zinc	2252	0.4	-8.3	-14.5
Tin	17242	0.8	7.8	-11.3
Nickel	14113	5.1	-8.3	30.9

BUSINESS LINE DATE : 23/12/2019 P.N.9

GLOBAL		Change in %		
	Price	Weekly	Monthly	Yearly
Metals ($/tonne)				
Aluminium	1774	1.0	1.3	-7.2
Copper	6147	0.7	5.0	2.8
Iron Ore	85	-0.8	4.3	23.2
Lead	1919	1.4	-2.9	-2.7
Zinc	2344	4.1	0.2	-9.5
Tin	17345	0.6	8.4	-10.3
Nickel	14469	2.5	1.1	33.6

BUSINESS LINE DATE : 30/12/2019 P.N.9

GLOBAL		Change in %		
	Price	Weekly	Monthly	Yearly
Metals ($/tonne)				
Aluminium	1799	2.5	1.4	-3.1
Copper	6188	0.7	4.4	3.7
Iron Ore	84	-0.9	0.3	19.8
Lead	1926	1.3	0.0	-5.2
Zinc	2312	0.5	-0.5	-9.6
Tin	17130	-1.0	4.5	-11.4
Nickel	14137	2.4	-1.4	32.5

BUSINESS LINE DATE : 16/12/2019 P.N.9

Limited upside to steel prices in 2020

Demand forecast for next year is bleak while supply from China is expected to be stable

SATYA SONTANAM

BLOOMBERG

The global steel industry, which was in the doldrums from mid-2014 to late-2016, seems to be on thin ice again. This time, the upward trajectory was interrupted by the 25 per cent tariff on steel announced in February 2018 by US President Donald Trump.

The health of the steel industry, which is directly proportional to global economic activity, began weakening due to the uncertainties in global trade, Brexit and the dampening of the key user industries such as construction and automotive across the globe.

The Indian steel industry has been hit, in addition to the global factors, by the fall in domestic consumption, which had acted as a buffer. Dependence on export market, higher inventory levels, downward movement of prices and a rise in imports are other headwinds for the industry domestically.

Going ahead, while users could benefit from lower prices, manufacturers and traders need to brace themselves for margins getting narrower due to higher raw material prices.

Scan & Share

What happened in 2018, 2019?

The prospects of the Indian steel industry were healthy until August 2018, when the tariffs announced by the US on its steel imports came into effect.

In 2018, India's steel exports fell 32 per cent to 11 million tonnes compared with the previous year's outbound shipments. Though India's share of steel exports to the US was minimal, excess supply in the global market impacted exports.

As per the Steel Statistical Yearbook 2019 from the World Steel Association (WSA), India's steel consumption in 2018 went up 3.5 per cent to 104 million tonnes against growth rates of about 6 per cent and 6.8 per cent recorded in 2016 and 2017, respectively.

In 2018, steel companies stayed afloat and managed to maintain higher profitability on the back of stable demand from the domestic market and higher steel prices than previous periods.

The year 2019 started on a positive note with a mild recovery in demand and rising steel prices. However, this didn't last long.

Weak performance of the two key sectors — auto and construction — due to the liquidity crunch in the country, impacted the steel demand. As per data from ICRA Ratings, the domestic steel demand growth has been steadily decelerating from Q2 of 2019 — from 6.9 per cent growth (y-o-y) in April-June to 3.1 per cent in the quarter ended September, and slipping into the negative territory in the first two months of Q4 of 2019 (October and November), at -1.8 per cent.

With domestic demand weakening, Indian steel manufacturers increased exports.

Despite exports, the steel industry's inventory swelled. As per data collated by CRISIL Research, from the second quarter of 2019, inventory has been at an average of about 14 million tonnes per month as against an average of about 11 million tonnes in 2018.

As a result, steel prices took a deadly blow. In 2019, steel prices have dropped about 18 per cent to ₹36,000/tonne from an average of about ₹44,000/tonne in 2018.

Steel manufacturers have also been burdened by increasing steel imports. In spite of protectionist measures from the government, steel imports rose from Japan and South Korea, with which India has signed free-trade agreements.

Modest outlook

The global steel demand in 2020 is expected to be worse than in 2019, due to the weakness in China's manufacturing sector and its slowing economy.

Chinese steel demand in 2020, as forecast by the WSA, is expected to grow just one per cent in 2020 as against 7.8 per cent (estimated) in 2019.

However, with the new trade deal between the US and China that includes averting the December 15 tariff imposition (on about $160 billion of consumer goods from China) and a possible reduction of existing duties on Chinese products, global trade uncertainities could settle to an extent. This will be further aided by Boris Johnson's landslide victory in Britain (paving the way for Brexit). Thus, the improved market sentiment could push the global demand for steel, giving a leg-up to prices.

Though developed and developing countries (excluding China) are set to rebound from the low levels of demand seen in 2019, the global steel demand, weighed down by China, is expected to grow just 1.7 per cent in 2020 as against 3.9 per cent (estimated) in 2019.

In terms of supply, with winter production control in China being less severe than last year, and the re-opening of steel units in the US, steel supply in the global market may remain stable.

With low demand and stable supply, the upward movement of global steel prices could face headwinds going ahead. The benchmark Chinese HRC (hot-rolled coil) steel sheet now trades at about $550 per tonne as against an average of $622 per tonne in the last year.

Also, the northward movement of steel prices is further threatened by Trump's announcement of imposition of tariffs on Brazil, one of the top exporters of steel to the US. Excess steel in Brazil might end up as a surplus in the global market.

Following the global cues, upward movement of Indian steel prices is also expected to be limited. Priyesh Ruparelia, Vice-President and Co-Head, Corporate Sector Ratings, ICRA, says: "Unless there is a drastic demand uptick supported by infrastructure spending by the government, average HRC prices in FY2020 are expected to remain at about ₹36,000 per tonne compared with about ₹44,000 per tonne witnessed in the previous year."

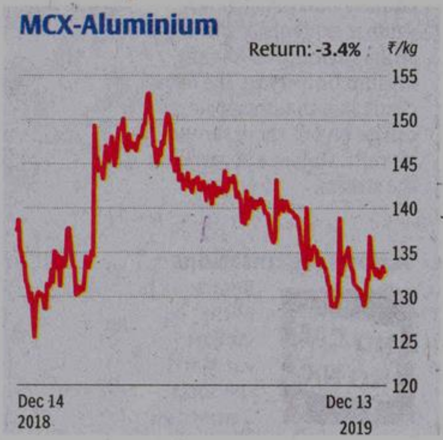
A probable hike in iron-ore prices, especially due to the ongoing issues with iron-ore mining in India, could raise the input costs of steel producers and traders, and could exert pressure on their profitability.

Dismal prospects

- Steel prices dropped 15-20% in 2019
- Inventory levels are rising in India
- Global demand in 2020 expected to be worse than in 2019

BUSINESS LINE DATE : 17/12/2019 P.N.8

MCX-Aluminium in consolidation phase



AKHIL NALLAMUTHU
BL Research Bureau

The spot price of Aluminium on the MCX, which has been in a downtrend since April, seems to be in a consolidation phase now. The price is oscillating within the broad range of ₹128.5 and ₹136. Thus, the metal can establish the next leg of trend only if it moves out of this range.

The December futures contract of Aluminium on the MCX was on a downswing, like the spot price. But of late, the price action shows that bears may have lost momentum and the price has started moving sideways in the band between ₹130 and ₹135. The MACD is showing signs of recovery as it points at an upward trajectory, indicating the potential to rally. But for the rally to sustain, the contract should break out of ₹135, and not consolidate at the current levels as a prolonged consolidation may change the tide against the metal.

If the contract moves beyond the upper boundary of the range at ₹135, it can rally towards the resistance band between ₹138.8 and ₹140.5. A break above that level can turn the medium-term trend of the commodity bullish where the subsequent resistance is at ₹145. However, if the contract breaks below the lower boundary of the range at ₹130, it can decline to ₹125.

The three-month rolling forward contract of Aluminium on the LME is also stuck between two key levels at $1,745 and $1,790. On the daily charts, the price is forming a contracting pattern by registering lower peaks and higher lows. The key levels to watch are $1,730 and $1,820.

Trading strategy

Traders are advised to stay on the sidelines until the December futures moves out of the range between ₹130 or ₹135. Until then, traders can adopt range-bound trading strategies. The direction of the break can confirm the next leg of the trend.

BUSINESS LINE DATE : 17/12/2019 P.N.4

Coal Ministry makes project clearance easy, fast

OUR BUREAU
New Delhi, December 16

The Ministry of Coal has decided to simplify the process of getting clearances for coal mining projects.

An official statement said that this will expedite operationalisation of already allotted coal blocks and also encourage prospective investors or bidders in future auctions.

The Coal Ministry has re-engineered the Mining Plan preparation and approval process. This is likely to slash the approval period from the existing 90 days to about 30 days. The re-engineering process includes simplification of guidelines and format for preparing Mining Plan, amendments in relevant provisions of Mineral Concession Rules, 1960 and approval process, the statement said.

The proposed simplified guidelines and format not only reduce the mining plan formulation time but also make the document lighter and easier to comprehend. This will further facilitate hosting the soft copy in an accessible data base, the statement added.

The proposed system of mining plan preparation and approval allows the leasee to get the mining plan prepared by Mining Plan Preparing Agency (MPPA) and get it certified by the Mining Plan Certifying Agency (MPCA) and submit the mining plan to Ministry of Coal for approval. This will improvequality and reduce the time for detailed scrutiny.

In the next phase, the entire Mining Plan approval process is proposed to be made online for application, processing and approval. This system will ultimately interact with PARIVESH portal of the Environment Ministry and similar portals of other related ministries and organisations of the Central and State governments.

ArcelorMittal forays into Indian steel market; completes Essar acquisition

NEW DELHI, Dec 16 (PTI)

GLOBAL steel giant ArcelorMittal on Monday said it has completed acquisition of Essar Steel, marking its entry into the Indian steel sector. The Luxembourg-headquartered company has been eying to enter into Indian steel sector for long and had to give up its plans of two plants - 12 million tonnes each in Jharkhand and Odisha - over a decade back on account of various hurdles.

The deck for acquisition of Essar Steel by L N Mittal-led company for Rs 42,000 crore was finally cleared by the Supreme Court last month. This is the single-biggest recovery under the Insolvency and Bankruptcy Code (IBC) process.

The company said it has formed a joint venture with Nippon Steel (AM/NS India) to own and operate the debt-ridden firm and Aditya Mittal, President and CFO of ArcelorMittal, has been appointed as its Chairman.

"ArcelorMittal announces that it has today completed the acquisition of Essar Steel India Limited (ESIL), and simultaneously established a joint venture with Nippon Steel Corporation (Nippon Steel), called ArcelorMittal Nippon Steel India Limited (AM/NS India), which will own and operate ESIL," ArcelorMittal said in a statement.

It said Dilip Oommen of Essar has been appointed AM/NS India's CEO.

ArcelorMittal holds 60 per cent of AM/NS India, with Nippon Steel holding the balance.

"The acquisition of Essar Steel is an important strategic step for ArcelorMittal. India has long been identified as an attractive market for our company and we have been looking at suitable opportunities to build a meaningful production presence in the country for over a decade," said Lakshmi Mittal, Chairman and CEO of ArcelorMittal.

Both India and Essar's appeal are enduring, he said, adding Essar has sizeable, profitable, well-located operations and long-term growth potential for the economy and therefore domestic steel demand are well known. The transaction also demonstrates how India benefits from the Insolvency and Bankruptcy Code, a genuinely progressive reform whose positive impact will be felt widely across the Indian economy, Mittal said.

"We are also delighted to be embarking on this together with Nippon Steel, with whom we have a trusted, long-term relationship. Our combined strengths and technology will bring many new opportunities which will allow us to make a positive contribution to India's target to grow steel-making capacity to 300 million tonnes per annum by 2030, and for its manufacturing sector more broadly," he said.

THE HITAVADA DATE : 17/12/2019 P.N.9

Clearance process for coal mining projects simplified

NEW DELHI, Dec 16 (PTI)

IN SYNC with its commitment for 'ease of doing business', the Centre on Monday said it has decided to simplify the process of clearance for coal mining projects. The move, the Government said, will not only expedite operationalisation of already allotted coal blocks, but also encourage prospective investors/bidders in future auctions.

"The Ministry of Coal has re-engineered the mining plan preparation and approval process. This is likely to slash the approval period substantially from existing 90 days to about 30 days," the Ministry said in a statement "The re-engineering process includes simplification of guidelines and format for preparation of mining plan, amendments in relevant provisions of Mineral Concession Rules, 1960 and approval process," it said.

The proposed simplified guidelines and format not only reduce the mining plan formulation time but also make the document lighter and easier to comprehend. This will further facilitate hosting the soft copy in an accessible data base, it added.

The proposed system of mining plan preparation and approval allows the leasee to get mining plan prepared by Mining Plan Preparing Agency (MPPA) and get it certified by Mining Plan Certifying Agency (MPCA) and submit the mining plan to the coal ministry for approval. This will improve the quality and reduce time for detailed scrutiny, it said.

"To ensure the quality of preparation of Mining Plan, Government approved accrediting body will accredit agency(s) consisting a team of multi-disciplinary background, which will be recognised for preparation of mining plan and for certification (i.E. Scrutiny from geo-mining & techno-administrative angles), Government will accredit agency(s) consisting of multi-disciplinary domain experts, who will certify that the mining plan prepared by MPPA is in line with the prevailing guidelines and is complete in all respects," it said. On certification by the MPCA, a committee in Government will consider the mining plan for approval and the Centre will dispose application of within the stipulated period.

BUSINESS LINE DATE : 19/12/2019 P.N.10

MCX-Nickel likely to fall further

AKHIL NALLAMUTHU
BL Research Bureau

The December futures contract of Nickel in MCX broke out of the range between ₹962 and ₹1,000 during the past week. The rally took the price to ₹1,038 and the contract seems to struggle to move beyond that level. Thus, rather than a trend reversal, the rally looks like a pull back. Noticeably, the contract remains below the 21-day moving average, keeping the short-term outlook negative. Moreover, the major trend remains bearish, increasing the probability of the contract resuming its bear trend.

Moving Average Convergence Divergence (MACD) indicator appears to be in favour of the metal, as it has moved into the positive territory. However, the RSI on the daily chart is below the midpoint level of 50.

The latest down-tick along the price hints at further weakening. Importantly, for the rally to sustain, it has to sail past the key level of ₹1,050. Until then it can be approached with bearish bias.

If the contract resumes its bear trend and weakens, it will most likely retest its prior low at ₹961. Below that level, the contract may attract more selling, dragging the price to ₹924. On the other hand, if price moves northwards, it will face hindrance at ₹1,050. Further appreciation can turn the medium-term trend bullish where the contract might appreciate to ₹1,076.

The price of three-month rolling forward contract of nickel on the London Metal Exchange witnessed a minor rally in the past week. After briefly trading above the critical level of $14,000, the contract fell back below it. Until the contract decisively breaks above $14,000, it can be approached with bearish bias. From the current level, the key support and resistance are at $13,375 and $14,675, respectively.

Trading strategy

MCX-Nickel futures seems to have resumed its bear trend after the corrective rally facing a roadblock. Hence, traders are advised to initiate fresh short positions on rallies with ₹1,055 as stop-loss.

LOKMAT DATE : 20/12/2019 P.N.2

गडचिरोलीकरांची व्यथा : राजकीय व प्रशासकीय उदासीनतेमुळे विकासाला खीळ

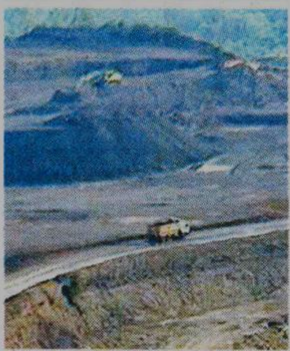
खनिज संपत्तीने संपन्न जिल्हा अजूनही जगतो दारिद्र्यात

मनोज ताजने ।
लोकमत न्यूज नेटवर्क

गडचिरोली : जंगलाचा जिल्हा म्हणून ओळख असलेल्या गडचिरोली जिल्ह्यात वनसंपत्तीसोबतच लोह, मँगेनिज, डायनामाईट यासारखी खनिज संपत्तीही मुबलक प्रमाणात आहे. अशा अब्जावधीच्या नैसर्गिक संपत्तीने संपन्न असलेल्या या जिल्ह्याच्या वाट्याला मात्र अजूनही दारिद्र्याचे जिणे कायम आहे. आतापर्यंत ना वनसंपत्तीवर आधारित उद्योग उभा राहू शकला, ना खनिज संपत्तीवरील प्रक्रिया उद्योग मार्गी लागला. यासाठी प्रबळ राजकीय इच्छाशक्ती आणि नियोजनाचा अभाव हीच प्रमुख कारणे असल्याचे मानले जात आहे. राज्यात नव्याने सत्तारूढ झालेले आघाडी सरकार तरी या जिल्ह्याच्या औद्योगिक विकासाला चालना देणार का? याकडे तमाम जिल्हावासियांचे लक्ष लागले आहे.

विस्तिर्ण पसरलेल्या गडचिरोली जिल्ह्याच्या जंगलातील पहाडांमधील लोहखनिज काढण्यासाठी ४० वर्षाआधी टाटा उद्योग समुहाने पुढाकार घेतला होता. उद्योगपती रतन टाटा यांनी भेट देऊन पाहणीही केली होती. पण दुर्गम भाग आणि दळणवळणाच्या साधनांचा अभाव, वनकायद्याच्या अडचणी यामुळे पुढे तो प्रस्ताव बारगळला. अलिकडे लॉयड्स मेटल्स अँड एनर्जी प्रा.लि. या कंपनीसह अन्य काही कंपन्यांनी लोहखनिज काढण्यासाठी गडचिरोली जिल्ह्यात वेगवेगळ्या ठिकाणची लिज घेतली. त्यापैकी लॉयड्स मेटल्सने कोनसरी येथे लोहप्रक्रिया उद्योग उभारणीची सुरुवातही केली. पण विविध विभागांच्या परवानग्यांच्या अडथळ्यांमध्ये हे काम रेंगाळत पडले आहे. सध्या पर्यावरण विभागाने हिरवा झेंडा दाखवण्याच्या प्रतीक्षेत कोनसरी प्रकल्पाचे काम अनेक महिन्यांपासून प्रलंबित आहे. तत्कालीन मुख्यमंत्री देवेंद्र फडणवीस यांनी या प्रकल्पाच्या कोनशिला अनावरणप्रसंगी वर्षभरात हा प्रकल्प सुरु होईल असे आश्वासन दिले होते, पण अडीच वर्ष झाले तरी प्रकल्पाची उभारणी झालेली नाही.

विधिमंडळ विशेष



कोनसरी प्रकल्पाची उभारणी होईपर्यंत लॉयड्स मेटल्सने आपल्या घुग्गुस येथील प्रकल्पात येथील लोहखनिज नेणे सुरु केले होते. त्यातून ५०० पेक्षा जास्त बेरोजगारांच्या हातांना काम मिळाले होते. मात्र पोलीस संरक्षण मिळत नसल्याचे सांगत कंपनीने गेल्या १० महिन्यांपासून हे कामही बंद ठेवल्यामुळे बेरोजगारांची परवड होत आहे. राजकीय आणि प्रशासकीय उदासीनतेमुळे आज गडचिरोली जिल्ह्यातील ही खनिज संपत्ती निरर्थक ठरत आहे. परिणामी या जिल्ह्यातील हजारो बेरोजगारांना इतर जिल्ह्यात मिळेल ते काम करुन कसाबसा उदरनिर्वाह करावा लागत आहे.

दोन दिवसांपूर्वी नागपुरात गडचिरोली जिल्ह्याचा आढावा घेताना मुख्यमंत्री उद्धव ठाकरे यांनी सुरजागड लोहप्रकल्पाच्या कामाला प्राधान्य देण्याचे निर्देश दिले असले तरी हे काम कधीपर्यंत मार्गी लागणार हे याची प्रतीक्षा जिल्हावासियांना लागली आहे. या लोहप्रकल्पाने गडचिरोली जिल्ह्याचा कायापालट होणार असून छत्तीसगडमधील भिलाई शहराप्रमाणे जिल्ह्यातील एटापल्ली, आलापल्ली, आष्टी, चामोर्शी अशा अनेक गावांचे रुप बदलण्याची शक्यता आहे.

नक्षलप्रभाव कमी होऊनही तीच स्थिती

लोहखनिजाची खाण असलेल्या सुरजागड भागात तीन वर्षापूर्वी नक्षलवाद्यांनी लॉयड्स मेटल्सच्या ८० वर वाहनांची जाळपोळ केली होती. मात्र त्यातूनही सावरत या कंपनीने नव्या उमेदीने पोलीस संरक्षणात हे काम सुरु केले होते. पण १० महिन्यांपूर्वी एका अपघाताचे निमित्त होऊन पुन्हा हे काम बंद पडले. खाणीच्या भागातून नक्षल चळवळ हद्दपार करण्यासाठी राज्य सरकारने सुरजागड येथे नवीन उपपोलीस स्टेशन मंजूर केले. मात्र त्यासाठीची पदस्थापना आणि मंजूर असलेल्या जागेत इमारत उभी करण्याच्या हालचालींना गती आलेली नाही. अलिकडच्या काही वर्षात गडचिरोली जिल्ह्यात नक्षलवादी कारवाया बऱ्याच नियंत्रणात आल्या आहेत. असे असताना नक्षली दहशतीमुळे अडलेली विकासात्मक कामे मात्र मार्गी लागताना दिसत नाहीत.

वनसंपत्तीवरील प्रक्रिया उद्योगही शून्य

गडचिरोली जिल्ह्यात मोठ्या प्रमाणात उपलब्ध असणाऱ्या बांबू, मोहफूल, सागवान लाकूड यावर आधारित अनेक उद्योगांमधून बेरोजगारीची समस्या दूर होण्यास मदत होऊ शकते. कमीत कमी भांडवलातून उभारता येणाऱ्या या उद्योगालाही चालना देण्याकडे कोणी गांभीर्याने लक्ष दिलेले नाही. काही वर्षांपूर्वी वनविभागाने सुरु केलेला अगरबत्ती उद्योग योग्य व्यवस्थापनाच्या हाती देण्याऐवजी 'सरकारी' अधिकाऱ्याच्या एकाधिकारशाहीत सुरु असल्याने तो बंद पडण्याच्या मार्गावर आहे. स्थानिक आमदार डॉ.देवराव होळी यांनी 'मेक इन गडचिरोली'ची हाक देत उद्योग उभारणीसाठी सुरु केलेला प्रयोगही फसल्यात जमा आहे.

BUSINESS LINE DATE : 20/12/2019 P.N.9

MCX-Zinc may chart an uptrend

AKHIL NALLAMUTHU
BL Research Bureau

The spot and futures price of Zinc on the MCX remains in the sideways trend. The December futures contract of the metal continues to trade in the band between ₹181 and ₹185 and only if it moves out of this price band, the next leg of trend can be confirmed.

Current price level of ₹183.4 coincides with the 21-DMA and a break above that level can tilt the outlook in favour of bulls. As we can notice, a positive bias is indicated by the Moving Average Convergence Divergence (MACD) indicator and Reltaive Relative Strength Index (RSI) on the daily chart. While the MACD is pointing upwards as it has entered the positive zone, the RSI is showing a mild uptick despite a consolidation in price.

If the contract gain traction and breaks out of the upper limit of the range at ₹185, it will face a resistance at ₹188.8. Above that level, the contract can appreciate to ₹193. On the other hand, if the contract breaks below the lower limit of the range at ₹181, it might decline to ₹174.

The three-month rolling forward contract of Zinc on the London Metal Exchange (LME) broke out of the range between $2,200 and $2,260 last week. The contract also went above the 21-DMA turning the short-term trend bullish. Also, the RSI and MACD hints positive outlook. Currently trading at an important level of $2,300, the contract will face hurdles at $2,320 and $2,380. On the downside, $2,260 and $2,140 are the considerable support levels.

Trading strategy

The forward contract of Zinc on the LME hints a bullish outlook and also, there are some positive indications with respect to the metal's price action on the MCX, even though it continues to consolidate. The futures contract faces a resistance at ₹185. Thus, traders can wait for a breakout and initiate fresh long positions above ₹185 with ₹180 as stop-loss.

BUSINESS LINE DATE : 20/12/2019 P.N.13

NMDC allocated two coal blocks in Jharkhand

The iron ore miner diversifies into coal

V RISHI KUMAR
Hyderabad, December 19

The Union Ministry of Coal has allocated two coal blocks to iron ore mining company NMDC, the Rohne and Tokisud North under Section 5(1) of Coal Mines (Special Provisions) Act 2015 for commercial mining at Hazaribagh District of Jharkhand.

The Rohne coal block has extractable reserves of 191 million tonnes (mt) and planned production capacity of 8 mt per annum. The Tokisud North coal block has extractable reserves of about 52 mt of thermal coal and planned production capacity of 2.32 mt per annum. Rohne coal block has coking coal which may require washing before feeding into steel plant. NMDC is exploring the possibility for setting up of coal washeries.

NMDC is set to execute allotment agreement of Tokisud North coal block on December 24. The Rohne coal block allotment agreement would be executed as per the directives from Ministry of Coal with respective execution date.

Both the coal blocks have been allocated to the NMDC's Coal Division. The coal division has been set up at Hyderabad exclusively for coal assets in India to provide linkage to steel and power sector.

N Baijendra Kumar, CMD, NMDC thanked the Steel and Coal Ministry for reposing faith on NMDC to diversify into coal.

THE HITAVADA
DATE : 20/12/2019 P.N.9

Gold rises marginally

NEW DELHI, Dec 19 (PTI)

GOLD witnessed muted trend for the third consecutive day as prices rose marginally by Rs 12 to Rs 38,804 per 10 gram on Thursday, according to HDFC Securities.

The precious metal had closed at Rs 38,792 per 10 gram on Wednesday.

HDFC Securities Senior Analyst (Commodities) Tapan Patel said spot gold for 24 karat in Delhi was trading higher by Rs 12 amid steady global gold prices while the rupee depreciation supported prices to trade firm.

The spot rupee was trading around 11 paise weaker against the dollar during the day, he added.

Silver prices declined by Rs 65 to Rs 45,485 per kg against the previous close of Rs 45,550, HDFC Securities said.

In the international market, both gold and silver showed flat trend. Gold was quoting marginally higher at USD 1,475.50 per ounce and silver traded slightly lower at USD 16.94 per ounce.

BUSINESS LINE DATE : 23/12/2019 P.N.9

Bullish bias visible in gold

AKHIL NALLAMUTHU

The spot gold made a failed attempt last Friday to break out of the range between $1,450 and $1,480 an ounce.

After registering an intra-day high of $1,495.13, the yellow metal ended the session at $1,481.6.

Though the closing price was above $1,480, the breakout was not significant.

However, there is some bullish bias as the price action makes higher lows. A decisive break above $1,480 can take gold to $1,515, beyond which the resistance is at $1,535. On the downside, the supports are at $1,450 and $1,425.

Meanwhile, the spot price of silver, too, is in a sideways trend, oscillating between $16.65 and $17.27 an ounce. The price inched up last week and closed at $17.19. If the price closes above $17.27, it can advance towards the resistance band between $18 and $18.2. But if the price weakens below $16.65, the immediate support is at $16.

Though both the precious metals remain within a price band, there are some bullish indications which may have a positive impact on its price in the Multi Commodity Exchange (MCX).

MCX-Gold (₹37,991)

The gold price in MCX continues to tread in a sideways trend, where the February futures contract is fluctuating between ₹37,500 and ₹38,950.

Though the realtive strength index (RSI) is flat, the moving average convergence divergence (MACD) indicates a positive outlook as it has entered the positive territory.

However, traders are advised to wait for a confirmation, ie, a daily close above ₹38,950, before initiating long positions. If the contract closes above that level, it may rise to ₹40,000. Above that level, the resistance is at ₹40,800. But if the contract depreciates, it will find support at ₹37,500 and ₹36,380.

MCX-Silver (₹44,904)

After a false break down from the range between ₹44,240 and ₹45,650, the March futures contract of silver in MCX has been gradually appreciating. The RSI and the MACD in the daily chart are exhibiting bullish bias. While the RSI has crossed above the midpoint level of 50, the MACD is pointing upwards as it has entered the positive region.

But, from a trading perspective, it is recommended to wait until the contract breaks out of the resistance at ₹45,650. If the contract breaks out of that level, it may rally to ₹47,700. Above that level, the resistance is at ₹49,200. On the other hand, if the contract weakens from the current level, the support levels are at ₹44,240 and ₹43,410.

SAIL's Bhilai Steel Plant to enhance production capacity

SHOBHA ROY
Kolkata, December 22

Even while it is consolidating its current round of expansion, SAIL's Bhilai Steel Plant (BSP) is looking to commence documentation work and undertake feasibility study for the next phase of expansion.

The BSP had recently undergone modernisation and expansion, raising the plant's production capacity to approximately 7 million tonne (mt) from 4 mt at an estimated investment of around ₹17,000 crore. According to Anirban Dasgupta, Chief Executive Officer, BSP, plans are afoot to enhance the production capacity to 10 mt by 2030. Work on the next phase of expansion is likely to commence by 2024-25.

"For the next three to four years, the focus will be on consolidating the current expansion, but we will start working on the documentation part of the next phase of expansion, which includes undertaking feasibility study, preparing detailed project report etc," Dasgupta told *BusinessLine*.

BSP will explore the possibility of roping in a partner to bring in the required investments and for providing technological support. It would offer its prospective partners certain "enablers" such as land bank, raw material linkages, marketing network and its existing workforce. The expanded capacity (10 mt) is likely to come into force by 2030 by which time the country's demand would have grown and there would be a market to absorb the additional capacity, he said. The plant is the producer and supplier of rails for Indian Railways, including 260-metre long rails. It also produces large variety of wide and heavy steel plates, structural steel and specialises in products such as wire rods and merchant products. For the financial year-ended March 31, 2019, BSP contributed to nearly 25 per cent of SAIL's total turnover of ₹66,967 crore. The segment revenue had grown by around 3 per cent to ₹17,018 crore for the year-ended March 2019 compared with ₹16,497 crore the same period last year.

According to SAIL's latest annual report, BSP has planned a capex of around ₹4,000 crore for FY20.

Consolidation

BSP is in the process of phasing out some of its older technologies which used twin hearth furnaces, ingot casting blooming mills since those involved higher cost of production and higher energy consumption.

"There are old facilities in the country which are not energy-efficient and environment-friendly, so we need to phase out those and replace them with newer technologies which are doing better in terms of techno-economic parameters, energy parameters and environment friendliness," Dasgupta said.

The EBITA-to-turnover ratio, which is 14-15 per cent, should improve to close at 24 per cent once the complete benefits of modernisation and expansion starts kicking in.

THE ECONOMIC TIMES DATE : 24/12/2019 P.N.7

BRIDGE LOANS FOR ₹19,700-CRORE DEAL

JSW Steel to Raise ₹3,000 crore for Bhushan Power Buy

The loan could be priced in the range of 8-12%, say sources

Saikat.Das1@timesgroup.com

Mumbai: JSW Steel, which is in the process of acquiring Bhushan Power and Steel, is raising ₹3,000 crore in the form of bridge loans to make good the shortfall in the ₹19,700-crore deal.

Credit Suisse, Deutsche and Standard Chartered are the three lenders likely extending the money that JSW Steel would repay in three years, three people with direct knowledge of the matter told ET.

The company is said to have already arranged three-fourths of the total sum. The short-term loan is needed to plug the residual funding gap.

"We are in the advanced stages of negotiations with both the company and the lenders examining the final terms and conditions," said a Hong Kong-based senior executive, whose bank is one of the lenders.

JSW Steel, Deutsche Bank, and Standard Chartered Bank declined to comment. Credit Suisse did not respond to ET's mailed query.

The loan could be priced in the range of 8-12%, sources said.

State Bank of India (SBI), Punjab National bank, Bank of Baroda and Union Bank of India are among the lenders to Bhushan Power and Steel.

The National Company Law Appellate Tribunal (NCLAT), which is considering an appeal from winning bidder JSW Steel, will hear the case on January 13.

Lenders had written to JSW Steel after the National Company Law Tribunal (NCLT) approval for closing the transaction. However, JSW Steel wanted resolution of some issues related to indemnities and liabilities under the erstwhile promoter.

The resolution was stuck due to reports of alleged fraud by its former promoters. The Enforcement Directorate (ED) attached Bhushan Power & Steel (BPSL) assets, and JSW Steel said it wants to be excluded from the scope of the probe and attachment of BPSL's assets before it committed the funds.

New Delhi has since ring-fenced asset buyers by tweaking the Insolvency and Bankruptcy Code (IBC). It has sought to shield new buyers from prosecution for offences by previous promoters of distressed assets.

JSW had outbid Tata Steel and Liberty House Group for the distressed asset. Bhushan Power & Steel is expected to add 3.5 million tons a year of capacity to the Sajjan Jindal-led company's output.

BUSINESS LINE DATE : 24/12/2019 P.N.8

Outlook positive for MCX-Aluminium

AKHIL NALLAMUTHU

BL Research Bureau

Though the spot price of Aluminium on the MCX is trading between ₹128.5 and ₹136, the recent higher low on the daily chart provides some hope for the bulls. Also, the 21-DMA has crossed over the 50-DMA, turning the short-term outlook positive.

Likewise, the December futures contract of the metal on the MCX has formed a higher low and is currently hovering at ₹134, near the upper boundary of the range between ₹130 and ₹135. The moving average convergence divergence indicator on the daily chart is showing a positive momentum being built.

The daily Relative Strength Index (RSI) too gives a positive bias as it has crossed above the midpoint level of 50 and continues its upward trajectory. However, as the contract has a considerable resistance at ₹135, only a breakout of that level can be taken as a bullish confirmation.

A close above ₹135 on a daily basis would attract more buyers and the contract can be expected to rally towards the resistance band between ₹138.8 and ₹140.5. A break above that level can turn the medium-term trend of the commodity bullish where the subsequent resistance is at ₹145. On the other hand, if the contract drops, the lower boundary of the range at ₹130 can act as a base. Support below that level is at ₹125.

The three-month rolling forward contract of Aluminium on the London Metal Exchange (LME) broke out of the range between $1,745 and $1,790, opening the door for further appreciation. Hovering around an important level of $1,800, the immediate resistance is at $1,830. The support below $1,790 is at $1,745.

Trading strategy

We can observe bullish price action in MCX futures and a positive breakout in LME forward. However, the December futures contract on the MCX has a crucial resistance at ₹135. Hence, traders are advised to initiate fresh buys above ₹135 with a stop-loss at ₹129.

THE HITAVADA DATE : 24/12/2019 P.N.9

CIL starts buying coal from OCPL's captive block

KOLKATA, Dec 23 (PTI)

IN A first of its kind, Coal India Limited (CIL) has started buying 6,000 tonnes per day from the Manoharpur captive mine of OCPL, owned by the Odisha Government, an official said on Monday. Mahanadi Coalfields Limited (MCL), a subsidiary of Coal India, and Odisha Coal and Power Limited (OCPL) have entered into an MoU for provisioning of selling excess fuel from Manoharpur coal block in Jharsuguda to the miner.

The coal will be delivered to MCL at the notifed price, company sources said.

Manoharpur block with a production capacity of 8 million tonne per annum was allocated to OCPL in August, 2015 to supply coal to the 1,200 MW IB thermal power plant, owned by Odisha Power Generation Corporation (OPGC).

Though coal production from the captive mine has started, the fuel could not be reached to the thermal power plant due to evacuation bottlenecks, forcing OCPL to stop mining, the official said.

Till the time production started from this block, MCL stepped in to supply coal to OPGC through bridge linkage to the tune of 4.8 million tonnes per annum.

Bridge linkage is a short term arrangement to bridge the gap between requirement of coal of a specified end use plant and the start of production from the allotted coal block.

Despite selling of 6000 tonne per day by OCPL to the coal behemoth, the bridge linkage sale from MCL to the power plant will continue, the official said.

"If MCL is able to sell this coal to non-power companies, the miner will have an extra margin of 20 per cent as non-power consumers have to buy at 20 per cent over the notified price. It could fetch higher realisation, if the coal is allocated for e-auction," the CIL official said.

However, CIL official pointed out that the arrangement is "not" meant for profit but to encourage higher production and availability of coal in the market.

The Ministry of Coal has been pushing for higher production to reduce imports of the dry fuel and has also advanced the one billion tonne target by CIL by two years to 2024.

Primarily, coal produced from captive blocks, allocated by the Centre, is for consumption by the designated end use power plants.

In a situation, where the coal produced at the captive block exceeds the requirement of the designated end use power plant, there is a provision in the Coal Mines Development and Production Agreement for supply of such excess output to CIL but it was never executed, the official said.

BUSINESS LINE DATE : 26/12/2019 P.N.3

Steel prices to go up by ₹1,000 a tonne in Jan

SURESH P IYENGAR

Mumbai, December 25

Steel prices are set to go up for the third consecutive month in January following revival in domestic demand and firm price trend globally. Just like in many other metals, steel companies in India take price signal from global markets.

Despite the prices going up in last two months, demand has been holding strong in both automobile and infrastructure sectors on restocking by dealers. Following this, steel companies have intimated that Hot-rolled coil prices will be increased to ₹ 700-1,000 a tonne in January, said a stockist.

In November, steel manufacturers hiked prices for the first time in this fiscal by ₹500-750 a tonne and followed this with another rise of ₹750-1,000 this month.

India's net steel imports grew by 5.3 per cent while exports were up 33 per cent

Steel prices were falling consistently since April and touched a low of ₹32,500 a tonne in September from the peak of ₹45,000 late last year.

Globally, steel prices have gone up by \$60-70 (₹4,200-4,900) and this is expected to have a rub of effect on Indian steel prices. Steel companies have hiked prices by ₹1,000-2,000 a tonne.

The rise in steel prices will directly add to the companies margin as the benefit of fall in raw material prices will kick-in. Coking coal prices have fallen by \$60 a tonne to \$130 while iron prices dropped to \$90 a tonne from \$120 a tonne.

With the improvement in demand and prices going up, steel companies' profit may be better in the March quarter than in third quarter of this fiscal, said an analyst.

Weak demand

As the steel demand remained weak in most part of this fiscal, companies have been relying on exports. In the first eight months of this fiscal, India was net steel exporter.

The country's net steel imports grew by 5.3 per cent while exports were up 33 per cent as the prices in the domestic markets were trading at a discount of \$16 a tonne to international prices during this period.

BUSINESS LINE DATE : 26/12/2019 P.N.2

MCX-Nickel likely to extend the ongoing rally

COMMODITY CALL

AKHIL NALLAMUTHU
BL Research Bureau

The recovery in the December futures contract of Zinc on the Multi Commodity Exchange of India (MCX) seems to be gaining momentum as it continued to rise in the past week.

The price breached the resistance at ₹1,038 and has formed a higher peak on the daily chart — an indication of further appreciation. Also, the contract has closed above the 21-day moving average, turning the near-term outlook positive.

Corroborating the bullish bias are the Relative Strength Index (RSI) and the Moving Average Convergence Divergence (MACD) indicator on the daily chart. The RSI is rising in tandem with the contract price, implying that the uptrend has a considerable momentum in its favour.

It has also inched above the midpoint level of 50. Similarly, the MACD is pointing upwards, an indication of a good bullish strength.

Currently, trading around ₹1050, the contract might face a resistance at ₹1,055. If the contract rallies past ₹1,055, it will most likely rise towards the resistance at ₹1,076.

Subsequent resistance is at ₹1,100. On the other hand, if the contract weakens from current levels, it will find support at ₹1,038. Below that level, the support level is at ₹1,020 which coincides with the 21-day moving average.

The price of three-month rolling forward contract of Nickel on the London Metal Exchange (LME) broke out of the key resistance level of $14,000, opening the door for further strengthening. The contract has a minor resistance at $14,675, above which the resistance is at $15,000. In case if price drops, $14,000 can act as a substantial support.

Trading strategy

Though MCX-Nickel futures seems to be bullish with several factors supporting, but it faces a resistance at ₹1,055.

Hence, from the perspective of trading, it is advised to wait for the contract to close above ₹1,055 on a daily basis before initiating long positions with a stop-loss at ₹1,035.

BUSINESS LINE
DATE : 26/12/2019 P.N.2

NMDC to soon start operations at two coal mines in Jharkhand

PRESS TRUST OF INDIA
New Delhi, December 25

State-owned mining major NMDC aims to start commercial operations at the two coal blocks allotted to it in Jharkhand last week by next 12 months, a company official has said.

Last week, the Ministry of Coal allotted Rohne and Tokisud North coal mines in the Hazaribagh district of Jharkhand to the state-owned iron miner. "The company will first develop the mines and begin commercial operations at the mines in one year," the official said.

The official also said that NMDC will be at advantage in terms of developing a common infrastructure for both mines due the distances between them is just about 10 km.

Rohne coal block has extractable reserves of 191 million tonnes and planned production capacity of 8 million tonnes per annum, and the Tokisud North coal block has extractable reserves of 52 mt of thermal coal and planned production capacity of 2.32 mtpa.

DAINIK BHASKAR DATE : 26/12/2019 P.N.3

कंप्यूटर बाबा ने रुकवाया अवैध खनन

एजेंसी | **रायसेन.** नदी न्यास के अध्यक्ष कंप्यूटर बाबा ने शनिवार देर रात मध्यप्रदेश के रायसेन जिले में अलीगंज के पास नर्मदा नदी में अवैध रूप से खनन में लगे वाहनों को स्वयं पहुंच कर जब्त कराया। कंप्यूटर बाबा रात लगभग 12 बजे अलीगंज के सिवनी घाट पहुंचे और पोकलेन मशीन तथा डम्पर जब्त कराए। बाबा के पहुंचने की सूचना पर अवैध खनन में लिप्त व्यक्ति इधर उधर भागते नजर आए। बाबा पुलिस बल के साथ रात में लगभग 3 किलोमीटर पैदल घूमे और अवैध खनन रुकवाया। बाबा का कहना है कि वे नर्मदा और अन्य नदियों में अवैध उत्खनन नहीं होने देंगे। बाबा की मौजूदगी में चार पोकलेन, एक जेसीबी मशीन और एक डम्पर जब्त किया गया।

THE HITAVADA DATE : 27/12/2019 P.N.10

Establish PSU steel plant in Gadchiroli: Dipen to MoS Steel

Business Bureau

A DELEGATION led by Dipen Agrawal President Chamber of Associations of Maharashtra Industry & Trade (CAMIT) consisting of Dr Sandeep Dhurve MLA , Ramesh Jayaswal Jt MD Jayaswal Neco Ltd, Sanjay Agrawal Chairman Sanvijay Group & Prashant Tatiwar met Faggan Singh Kulaste, Minister of State (MoS) for Steel, during formers brief halt at Nagpur on December 25.

Agrawal informed MoS that, taking note of abundantly available quality iron ore in Nagpur Division, Chief Minister, Udhav Thackeray in recently concluded winter session of Maharashtra Legislative Assembly at Nagpur, has announced to establish a "Big Steel Plant" on lines of Bhilai Steel Plant, Bhilai and Tata Steel, Jamshedpur.

Agrawal appraised MoS that the two major raw materials i.e. iron ore and coal are available in Vidarbha region, out of estimated 270 MT of iron ore in the State of Maharashtra about 180 MT is located at Surjagarh in Gadchiroli of Nagpur Division and out of 5576 MT of coal reserves in the State about 4497 MT is available in Nagpur & Chandrapur Districts of Nagpur Division.

THE HITAVADA DATE : 27/12/2019 P.N.9

Govt plans big push to private coal mining

NEW DELHI, Dec 26 (PTI)

THE Government is planning to give a big push to private sector mining of coal, underground coal gasification and coal bed methane as it spent most of 2019 laying ground for diversification of the coal sector.

"This year (2019) we have been able to lay the ground for diversifying the coal sector. Now in the coming year, we are hopeful of diversifying the mining base of the country and inducting private capital, FDI. So we have to work out the terms and introduce private sector mining on very big terms. Coal Bed Methane (CBM), Underground Coal Gasification (UCG), Surface Gasification-- in very big terms," a top official at the Coal Ministry told PTI.

Stating that in 2019 the ground has been set up for CBM, UCG, he said the coal ministry has been able to firm up a business model and in the coming years some tangible steps would be seen on the ground in CBM, UCG and surface coal gasification of technology induction.

"The Prime Minister (Narendra Modi) has been of the view that the coal sector should induct technology, help to supply the gas sector needs of the country. Coal sector should adapt itself in such a way that it is not hit by the climate change considerations which are becoming every day concerns of the whole world," he explained. UCG is a method of converting coal still in the ground to a combustible gas that can be used for various uses, including power generation.

CBM is a form of natural gas trapped in coal seams underground. Such gas can be extracted by drilling into the seam.

The Government in 2019 liberalised foreign investment (FDI) norms in coal mining. For sale of coal, allowing 100 per cent FDI for coal mining activities including associated processing infrastructure, is expected to attract international players and create efficient and competitive coal market.

Stating that the coal sector had a single mindset of coal production from Coal India Ltd, he said the sector has to be dynamic, respond to the challenges coming from non fossil fuel component and answer the technology challenges.

Coal India accounts for over 80 per cent of the domestic coal output. Stating that 2019 has been a year of highs, lows, and again highs, he blamed the extended and heavy monsoon for the loss of output in July-October period of the ongoing fiscal.

The coal position now in the country was very comfortable and the Centre exuded hope that the imports of the fossil fuel in the country would be contained to 235 million tonne (MT) in FY'20.

THE HITAVADA DATE : 27/12/2019 P.N.16

Commercial coal mine auction faces delay on valuation issues

TWESH MISHRA

New Delhi, December 26

The bidding of coal mines for commercial purposes may get further delayed as issues such as the base price for the auction still remain undecided.

According to industry watchers, the debate is whether the Coal India-notified price for certain grades of coal can be an appropriate scale to set the auction base price for these mines.

In a bid to boost production, the Centre allowed private companies to mine coal for commercial use in February 2018. The Centre had planned to begin auctioning coal mines with no end-use restrictions in December 2019. But, till now, there has been no progress.

In September this year, Minister for Coal, Mines and Parliamentary Affairs, Prahlad Joshi, had said, "Foreign direct investment has been approved in the coal mining sector. This will lead to more investments and technology. This will also be a big boost to address the shortcomings we have in the coal mining sector. By December or so, we are planning to offer blocks for a 100 per cent commercial coal mining."

It is still mandatory to use at least 75% of the total coal production for the specified end-use

Till now, coal mines were auctioned with a pre-specified end-use for the coal to be mined. These auctions are based on the price per tonne of coal that the bidders would offer to States. The base price for auctions was defined based on the Coal India-notified price for the particular grade of coal that dominates the geology of the mine on offer.

But industry watchers say that the Coal India-notified price builds in the inefficiencies in production that the public sector undertaking is criticised for. The Centre wants to be cautious of any windfall gains that producers may end up making when these mines are auctioned.

After an inadequate response in bid rounds for end-use linked mining, the Centre decided to offer an added incentive and the winners have been allowed to sell up to 25 per cent of the total coal produced in the open market. For mines being auctioned till now, it is still mandatory to use at least 75 per cent of the total coal production for the specified end-use.

THE HINDU DATE : 27/12/2019 P.N.13

Rising prices to aid Essar Steel

'U.S.-China deal to spur metals; quicker turnaround likely'

PIYUSH PANDEY

MUMBAI

ArcelorMittal, along with Japanese partner Nippon Steel, is likely to financially turn around Essar Steel sooner than expected as steel prices have bottomed out globally and are likely to improve in 2020.

ArcelorMittal has formed a 60:40 JV with Nippon Steel to operate Essar Steel and its immediate focus is to enhance the operating capacity of the plant to 8.5 million tonnes per annum (MTPA) in the medium term and to 15 MTPA in the long term.

Discussion on plans

The board of the JV held a meeting to discuss turnaround plans. The company declined to offer any comment on the plans beyond its commitment to enhance the capacity to 15 MTPA.

Sanjiv Bhasin, director, IIFL Securities, told *The Hindu*, "Steel prices have already bottomed out and 2020 will be a great year for metal stocks with the trade deal between U.S. and China. Globally, steel prices have started improving and the same trend is expected in India with lower imports."

However, the JV may find it difficult to ramp up capacity especially when the demand is yet to pick up in India. "Selling steel in India becomes difficult amid weak demand," said an analyst.

Vivek Kamra, MD of Alvarez & Marsal's performance improvement and restructuring business in India, told *The Hindu*, "There was a 25% rise in production to 7 MTPA while the company was still under IBC."

Rising market share

It also helped that, as the IBC process was going on, the firm was not liable to pay interest during the moratorium period.

"They were able to offer a discount of about 2% compared with competition to enhance market share as the company saved around 12% on interest costs during the moratorium period," a person close to the development said.

Analysts said the JV could have a competitive edge over Indian peers as it can raise funds from Japan and the global markets at sub-4% compared with double-digit interest costs paid by competitors in India.

BUSINESS LINE DATE : 27/12/2019 P.N.11

Significant disruption in raw material supply possible post expiry of mining leases in April 2020: CII report

OUR BUREAU
New Delhi, December 27

A significant supply disruption is possible in mineral availability because of the expiry of mining leases in April 2020, according to a report by the Confederation of Indian Industry (CII).

The report titled 'Towards a Globally Competitive Minerals and Mining Industry' said, "A number of leases are due to expire in 2020. With the auction process for these mines still under consideration and given that the process from auctioning a mine to actually commencing operations is long, significant disruption in supply is possible."

Leases of 329 merchant mines are due to expire on March 31, 2020

"It may be noted that the mining leases for another set of mines will expire in 2030...leases of 329 merchant mines are due to expire on March 31, 2020. Of these, 281 mines are on-working," the report said.

Another disruption to the industry being assessed by the industry is pertaining to the transfer of environment clearance (EC) and forest clearance (FC) to the new lease-holder.

"The Supreme Court has ruled that EC and FC granted earlier could be seamlessly transferred to the new lease holder; this would ensure continuity in operations. State governments, however, have been insisting on the new lease-holder acquiring fresh clearances. In effect, the transition from the existing to the new lease-holder is not seamless resulting in potential disruption of supply," the report said. The report recommends reviewing and auction of non-working mines (expiring in 2020) immediately. Auctioning non-working mines in clusters has also been suggested by the report. A cluster approach may need to be adopted for mines which are commercially unviable.

Thereafter, auction the non-working mines immediately, the report said. Mandating seamless transfer of EC and FC clearances, if operating parameters are the same has also been recommended.

BUSINESS LINE DATE : 27/12/2019 P.N.8

Outlook bearish for MCX-Zinc

AKHIL NALLAMUTHU
BL Research Bureau

The spot price of Zinc on the MCX, after trading in a sideways trend since the beginning of December, closed below the range on Tuesday. It registered a fresh 11-month low of ₹176.

Likewise, the December futures contract of Zinc on the MCX closed at ₹176.25 on Tuesday, breaking below the range between ₹181 and ₹185. This opens the door for further decline in the contract price. The contract depreciated after failing to move past the 21-DMA resistance at ₹184. The daily Relative Strength Index (RSI) has made a new low, similar to the price action, indicating considerable strength in bearish momentum.

Noticeably, the RSI is hovering around the oversold levels. The bearish bias is further corroborated by the moving average convergence divergence (MACD) indicator. The MACD on the daily chart is exhibiting a fresh downtick, adding to the bleak outlook of the metal.

The fresh breakdown will most likely drag the contract towards ₹170 in the coming days. Below that level, the support is at ₹165.7. On the other hand, if the contract gains from current levels, it will face a hurdle at ₹181, above which the resistance is at ₹185.

The corrective rally of the three-month rolling forward contract of Zinc on the London Metal Exchange (LME) was capped at $2,350 — the 38.2 per cent Fibonacci retracement level of the previous bear trend. Thus, the downtrend seems to have resumed. However, unlike the price on the MCX, the LME contract did not register fresh lows and trades above 21-DMA at $2,267. Currently trading at $2,274, the support levels are at $2,260 and $2,200.

Trading strategy

Since the overall trend is bearish for MCX-Zinc and the futures contract in MCX has breached the lower boundary of the range, it can be approached with a bearish bias. Traders are advised to initiate fresh short position on rallies with a stop-loss at ₹186.

THE HITAVADA DATE : 28/12/2019 P.N.9

Nalco to revisit expansion plans

NEW DELHI, Dec 27 (PTI)

STATE-OWNED aluminium company Nalco is looking to revisit its expansion plans, Chairman and Managing Director Sridhar Patra said on Friday.

He however refused to give details as the plans have to be put before the board.

"We are revisiting (our expansion plans). Whatever long-term plans you make, you cannot project for 10 or 15 years. Because all the factors do not support in that manner," Patra said on the sidelines of a mining summit organised by CII. "We have to remodify. Whatever bottlenecks were there, we have removed almost all," he said.

Last year, the company had said it was all set to invest over Rs 30,000 crore over the next four years to launch a number of new projects and undertake major expansion programmes.

BUSINESS LINE DATE : 28/12/2019 P.N.3

NMDC in 'high-level' talks for extension of Donimalai mine lease

PRESS TRUST OF INDIA
New Delhi, December 27

State-owned NMDC on Friday said production from its Donimalai mine in Karnataka will resume soon as discussions at the higher level were underway for extension of the mining lease.

The Donimalai mine, with a capacity of seven million tonnes per annum (MTPA), was mired in controversy over renewal resulting in the cancellation of lease last year, which subsequently suspended the production from the mine.

On likely extension of Donimalai mine lease, NMDC Director (Production) P K Satpathy said, "High-level discussions are going on. ...we are hopeful that in the coming future...one month, 15 days it can happen any time. All ground work has been done and logically we are on the right track. So there is no point for state government to withhold our extension of lease." Satpathy was speaking on the sidelines of Mining Summit organised by the CII.

Stating that the production from mine would be resumed soon, he said that "discussions (on extension of lease of the block) were going on at the higher level".

"We have been under severe threat because of this lease renewal. In government companies only there is a provision of lease extension. (with regard to) private companies there is no such provision. No lease will be extended in 2021. They will be auctioned. But in government companies there is provision for extension of lease," he said.

The public sector mining major, which has been in the business of mining iron ore for over six decades, operates three iron-ore complexes in the country.

While one is located in Karnataka's Donimalai, two are in Dantewada district of Chhattisgarh — contributing 70 per cent to the company's total output.

BUSINESS LINE DATE : 28/12/2019 P.N.3

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New Delhi, December 27

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THE HITAVADA DATE : 29/12/2019 P.N.9

Focus more on mining sector to regain its 3% share in GDP: CII

NEW DELHI, Dec 28 (PTI)

AS THE country aims to become a USD 5 trillion economy, the policy makers need to focus more on the mining sector with concerted efforts to regain its 3 per cent share in the GDP by 2024-25, says a study.

According to the study conducted by industry body CII, the mining industry's share in India's GDP (in real terms) in 2018-19 was a low of 2.6 per cent, down from 3 per cent in 2011-12.

The study 'Towards a Globally Competitive Minerals and Mining Industry' was released at the Mining Summit 2019 here.

"The minerals and mining industry is core to India's growth ambition of a USD 5 trillion economy. Exploration, extraction and management of minerals have to be guided by national goals and perspectives, to be integrated into the overall strategy of India's economic development.

"And at the same time, there should be efforts to promote domestic industry and reduce import dependency," Mines Joint Secretary Upendra Joshi said while releasing the report.

The sector has a pivotal role to play in the 'Make in India' vision of the Prime Minister and exploration can improve India's mineral security and competitive edge. "There is a significant scope for new mining capacities in iron ore, bauxite and coal and considerable opportunities for future discoveries of sub-surface deposits. The Geological Survey of India has almost doubled its exploration activity by implementing about 400 mineral exploration projects on various mineral commodities," he said.

Attractive provisions have been made for inviting private investment in mineral exploration through revenue sharing model, Joshi added.

THE HITAVADA DATE : 30/12/2019 P.N.9

Coal India chalks out strategy to meet 660 MT production

KOLKATA, Dec 29 (PTI)

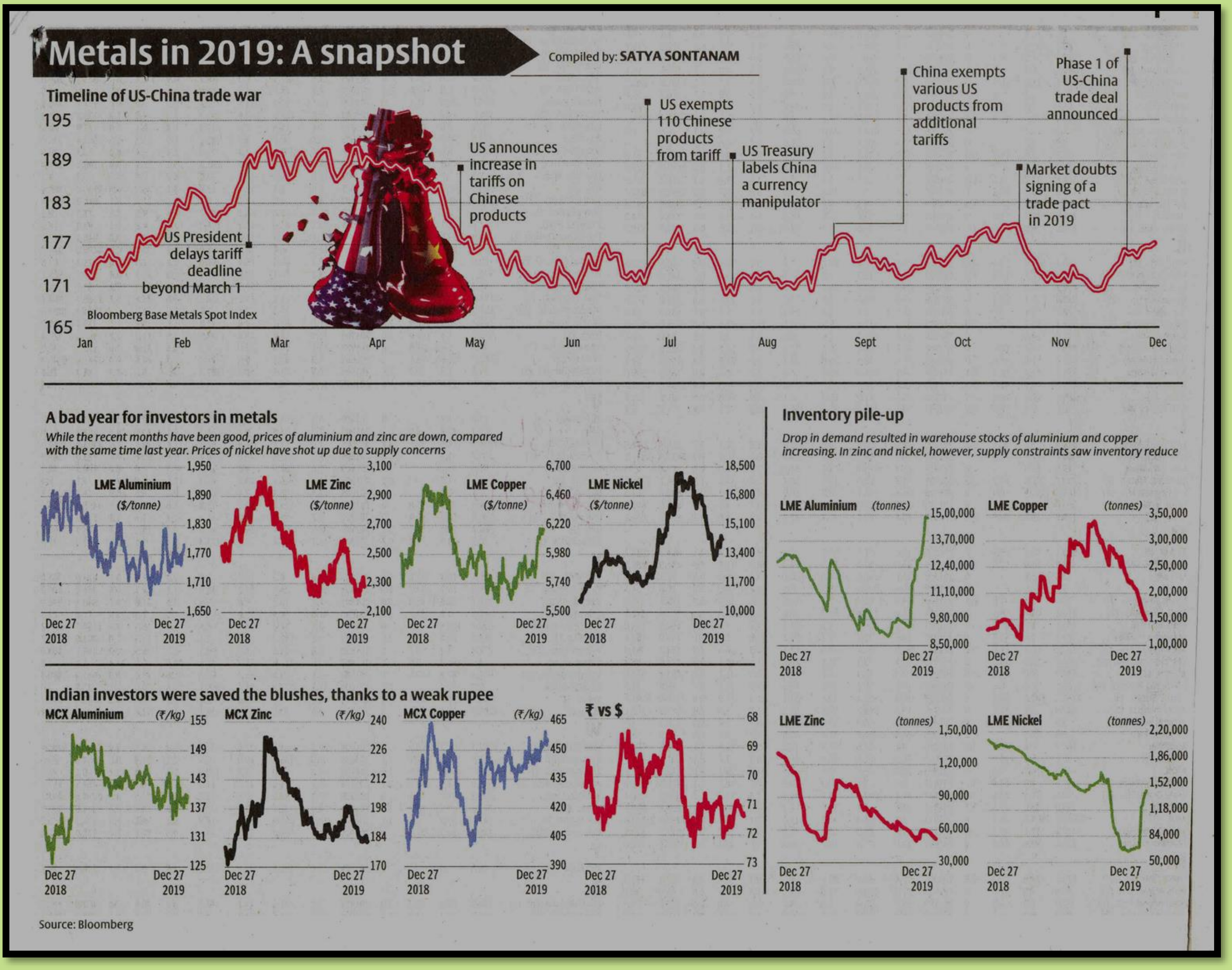
AMID concerns that Coal India Ltd (CIL) may fall short of its 660 million tonne (MT) production target for the current fiscal, the miner has planned to ramp up daily output to meet the goal, officials said. Till December, the miner is expected to produce close to 390 MT of coal and will require another 270 MT in the last quarter of this fiscal to meet the annual production target.

Currently, Coal India produces 1.8 MT per day while the asking rate to achieve the target is 2.9 MT, they said.

Internally, Coal India has planned to raise its production to 3 MT per day at least in February and March next year to inch closer to the target, Coal India officials told PTI.

According to the provisional data, the miner produced 330.38 MT of coal during April-November in the 2019-20 fiscal, down by 7.8 per cent from 358.30 MT in the year-ago period. Unless the miner increases its daily production to 2.5 MT per day from January to March period, it will struggle to surpass the production figure of the last fiscal, company sources said.

BUSINESS LINE DATE : 30/12/2019 P.N.9



BUSINESS LINE DATE : 30/12/2019 P.N.9

Gold gearing up for fresh uptrend

Outlook for gold and silver becomes bullish following a positive breakout

AKHIL NALLAMUTHU

MCX COMDEX, the composite commodity index of the Multi Commodity Exchange (MCX), has been rising, driven by the bullish trend in its major components — crude oil and gold (combined weight is around 50 per cent).

Since the outlook for crude oil and gold is bullish, the index is expected to rise in the coming days.

MCX-Crude (₹4,416)

The January futures contract of crude oil rallied last week, extending its bull run. During the past week, the contract went past a prior high at ₹4,372, making higher peaks in the daily chart — a bullish indication.

The daily relative strength index (RSI) continues to rise, in tandem with the contract price; the moving average convergence divergence indicator, too, shows reasonable upward momentum.

Thus, the outlook is positive for crude oil.

Traders are thus recommended to buy the contract on dips, with a dynamic stop-loss. That is, place the initial stop-loss at ₹4,320 and move it upwards, with a gap of 1.5 times the daily ATR (Average True Range) as the contract advances. Potential targets are at ₹4,500 and ₹4,585.

On the downside, the support levels are ₹4,365 and ₹4,300.

Scan & Share

MCX-Gold (₹39,080)

After consolidating for a period of little over two months, gold gave a bullish breakout in the past week.

The February futures contract of the yellow metal gained throughout last week and broke out of the range between ₹37,500 and ₹38,325, opening the door for further appreciation.

The RSI is exhibiting a substantial uptick and the moving average convergence divergence indicates considerable bullish momentum.

From a trading perspective, one can initiate fresh long positions on declines with the stop-loss at ₹38,300.

Resistance, ie, the potential targets for the longs, are at ₹40,000 and ₹40,800.

If the contract price declines from the current level, it will find support at ₹38,325.

The support below that level is at ₹38,000, where both 21- and 50-day moving averages (DMAs) coincide.

MCX-Silver (₹46,966)

Like gold, the price of silver, too, rallied last week. In fact, silver outperformed gold last week as the futures contract of silver gained 4.6 per cent, whereas the futures contract of gold gained 2.9 per cent.

The March futures contract of silver breached a key resistance at ₹45,650 and sailed past both 21- and 50-DMAs.

The rising RSI in the daily chart bodes well for the bulls. The moving average convergence divergence, too, has entered the positive territory, giving silver a bullish outlook.

Hence, traders can buy the contract on dips with the stop-loss at ₹45,400. The potential target levels are ₹47,710 and ₹49,000. The 61.8 per cent Fibonacci retracement level of the previous bear trend coincides with ₹49,000, making it an important level.

On the downside, the support levels are at ₹45,650 and ₹44,240.

MCX-Copper (₹444.8)

The price of copper has been in a sideways trend for the past three weeks, and the January futures contract has been trading within two key levels at ₹442.3 and ₹451.2. But the RSI — which is slipping below the midpoint level of 50 — and the moving average convergence divergence — on the verge of entering the negative region — are hinting a bearish bias.

Also, the major trend has remained bearish since October.

However, until the contract oscillates between these two levels, the next leg of the trend cannot be confirmed. From the perspective of trading, it is recommended to stay on the sidelines until the contract moves out of the range.

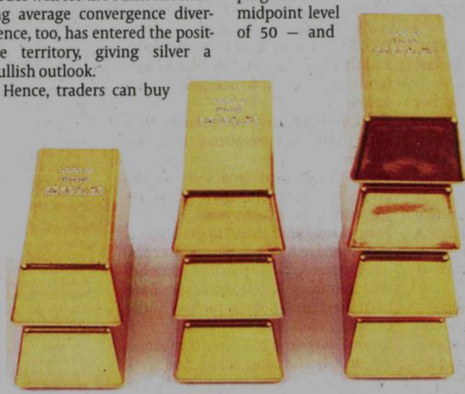
The resistance above ₹451.2 is at ₹459, the whereas support below ₹442.3 is at ₹433.

NCDEX-Soyabean (₹4,414)

The January futures contract of soyabean has been advancing since October, rising from ₹3,700 to the current market price of ₹4,414. The uptrend looks steady and the contract may most likely continue to rally.

Corroborating the bullish outlook, the moving average convergence divergence continues to hint considerable upward momentum. However, one needs to be cautious, as the RSI in the daily chart is hovering in the overbought territory.

Traders can initiate fresh long positions on declines with the stop-loss at ₹4,290 for a target of ₹4,600. If the contract softens from the current level, it will find supports at ₹4,330 and ₹4,200.



ISTOCKPHOTO

MCX Gold
Supports: ₹38,325/38,000
Resistances: ₹40,000/40,800

MCX Silver
Supports: ₹45,650/44,240
Resistances: ₹47,710/49,000

Ironing out the creases

Recent approvals for enhancing production, extension of mine leasing rights and healthy margins bode well for the company

SATYA SONTANAM

NMDC, the country's largest iron-ore producer, has been mired in issues of lease renewals at one of its mines — Donimalai. Besides, over the past year, there has been a sell-off across the metals and mining space, in the wake of trade tensions between the US and China.

These factors contributed to a significant correction in the stock's price until mid-August.

But, changes in the mining law, easing of global uncertainties and other favourable news gave a leg-up to the stock, which has recovered about 50 per cent until now from mid-August.

There may be further upside to the stock, given the improving prospects of the company.

The latest approvals for enhanced production in Karnataka, lease extension of four mines in Chhattisgarh, and allocation of coking coal and thermal coal blocks have come as a shot in the arm for the company.

At ₹125, the stock is reasonably valued at about 8.3 times its trailing 12-month earnings, lower than its three-year average of 11.7 times.

Healthy operating profit margins, low leverage and good dividend pay-outs are other positives. The current dividend yield is more than 4 per cent.

That said, NMDC may feel the heat in the near term due to low demand. But the company's fundamentals and long-term prospects seem good.

Investors with a high risk appetite and three- to five-year investment horizon can buy the stock.

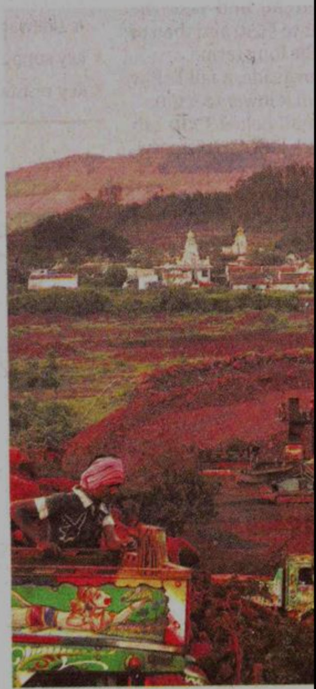
The demand for steel has been weak over the past year due to the slowdown in the automotive and construction sectors; this has had a negative impact on the demand for iron ore, the key raw material for steel-making. Going ahead, the demand for steel, and in turn for iron ore, are expected to improve.

In the near term, the growth in demand for steel in India is forecast to rebound to about 7 per cent in 2020 as against five per cent growth estimated for 2019, according to the World Steel Association. In the long term, the steel sector should get support from the expected increase in infrastructure spending by the government.

Lease extension

NMDC operates three iron-ore complexes in the country, producing about 33 million tonnes per annum (mtpa) of iron ore, with an existing capacity of about 44 mtpa. The company operates open-cast mines at Kirandul (three mines) and Bacheli (two mines) in Bailadila sector of Dantewada district in Chhattisgarh, and two mines — Donimalai and Kumaraswamy — in Bellary district of Karnataka.

On December 17, the Chhattisgarh government extended the lease of four out of five mines in the Bailadila complex — lease rights of which were about to expire by March 2020 — for 20 years, until 2035 with effect from September, 2015. The four mines have an installed capacity of over 29 mtpa. The lease extension has come as a major relief to NMDC. It



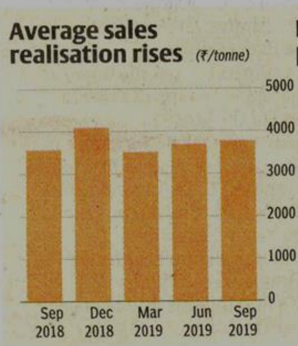
K BHAGYA PRAKASH

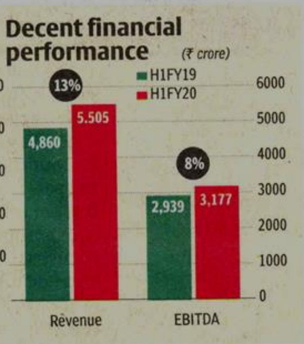
has come at a time when the company is in a tug of war with the Karnataka government over the renewal of its Donimalai mines which have contributed 17-20 per cent to the total ore production of NMDC in the past few years.

The lease extension in Bailadila, without much delay, could largely be a result of the recent change in Indian mining law — Minerals (Mining by Government Companies) Amendment Rules, 2015 — regarding the State governments' role in extending the lease period of mining. The amendment substituted "may extend" with "shall extend", making it mandatory for a State government to extend the lease period on an application by a government mining company.

Though the same law is applicable to the renewal of the Donimalai mines of NMDC, there has been no update on it yet. A favourable judgement for NMDC, if and when it happens, will provide a boost to NMDC.

NMDC's Donimalai mine was suspended for operations in November 2018 when the company's lease rights had expired. The licence renewal/extension of these mines did not happen as the company did not agree to the State government's condition for





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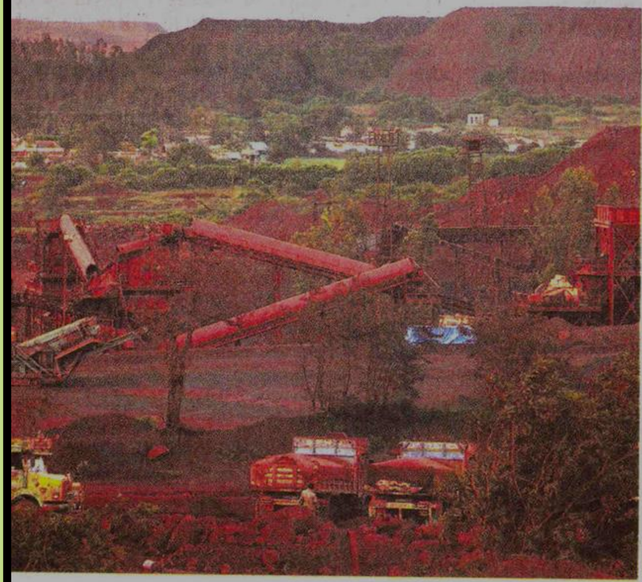
BUSINESS LINE DATE : 30/12/2019 P.N.7



renewal – to pay a premium of 80 per cent on the sale value of the ore extracted from the mines, a sharp jump from the current payouts.

Higher production on cards

There have been other positive developments for NMDC that could pave the way for enhanced production. The Indian Bureau of Mines, on December 18, approved the mining plan of NMDC to increase the production of iron ore from Kumaraswamy mines from 7 mtpa to 10 mtpa for 2020-21 and 2021-22.

At a time when production in the Donimalai mines is being cut, authority approvals for lease extension of Bailadila mines and higher production plan in Kumaraswamy would give a much-required boost to the company.

Expected cost control

Recently, NMDC announced that the Coal Ministry had allocated it two coal blocks – Rohne and Tokisud North – in Jharkhand.

This improves the security of raw material requirement for NMDC's upcoming steel plant and will reduce the company's power costs. While thermal coal from Tokisud North block (with reserves of about 52 mt and a production capacity of 2.32 mtpa) would be used as input for power generation, coking coal from the Rohne coal block (with reserves of 191 mt and a production capacity of 8 mtpa) would ensure coking coal requirement for the company's upcoming steel plant, which is expected to commence operations in June 2020.

Despite a weak show by NMDC in the quarter ended September 2019, the half-yearly performance of the company in FY20 has been fairly decent with revenue and operating profit increasing 13 per cent and 8 per cent y-o-y to ₹5,505 crore and ₹3,177 crore, respectively. Higher realisations seem to have helped. But the cost increase exerted pressure on the operating margin, which fell to 58 per cent in H1FY20 compared with 60 per cent a year ago.

In the near term, a fall in realisations (due to recent price-cuts) and low demand from the steel sector could exert pressure on the the company's profits. But its long-term prospects look attractive, given its strong position (about 30 per cent share) in India's iron-ore market, expansion plans and the financial muscle to tide over tough times.

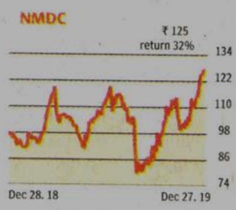
BUY

Why?

- Reasonable valuation
- Healthy margins
- Good dividend yield

Did you know?

NMDC recently signed an MoU with the Andhra Pradesh government for supply of iron ore to a proposed steel plant in Kadapa



BUSINESS LINE DATE : 31/12/2019 P.N.5

With mining leases renewed ahead of deadline, NMDC set to hit paydirt in 2020

Opportunities to foray into coal with two blocks in Jharkhand

V RISHI KUMAR

Hyderabad, December 30

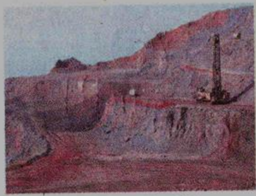
With iron ore prices set to firm up from January 2020 and both steel production and prices starting to move up from November, the country's largest iron ore mining company NMDC Ltd has a lot going for it to cash in on the expected buoyancy.

The Hyderabad-based State-owned mining company, whose focus has been on iron ore mining, has also received a shot in the arm with the Union Coal Ministry allocating two coal blocks — the Rhone and Tokisud North — both located in Hazaribagh district of Jharkhand, its iron ore mining leases in Chhattisgarh have been renewed three months ahead of the scheduled expiry and it has secured nod from the government for expansion of the Kumaraswamy mines in Karnataka from 7 MTPA to 10 MTPA.

In a major development, the Chhattisgarh government has extended the mining lease of four mines of the Bialdila iron ore projects, in December, which were due for extension in March 2020.

NMDC operates three iron ore complexes in the country, with two of them in the Dhantewada district of Chhattisgarh sharing a major portion of company's total output and one is located in Karnataka's Donimalai project.

Of the 33 million tonnes per annum (MTPA)production, two complexes in Chhattisgarh in Bacheli and Kirandul under Bailadila projects contributed 24 MTPA in 2018-19, shows the significance of the lease renewal ahead of time for NMDC.



During the first half of this fiscal, NMDC logged sales of ₹5,505 crore, up 13 per cent over same period last year

Of the five mines in the Bailadila sector, lease of four mines with an installed capacity of 29 MTPA has now been extended and one mining lease received extension in 2017 itself.

According to a research report by Emkay Global, "The Government is of the view that there is a risk of domestic demand for iron ore outstripping local supplies after March 2020 with imports still not a viable alternative, given the high landed cost of imports."

It further stated, "The approval of production increases (for Kumaraswamy) comes despite only two years of lease still remaining for this mine. This implies an immediate need to boost production in FY 2021 to counter a possible shortage as 60 MT of ore production in Odisha goes under the hammer."

Opportunities

The allocation of the coal mines with extractible coal reserves of 191 million tonnes at Rhone coal block and 52 mt of thermal coal at Tokisud, will enable the iron ore mining major to diversify into coal production as well. The allocation of coal mine augurs well for the mining company as the coal produced could be used for captive consumption for its diversification projects, including steel.

Emkay has factored 2/3 MT incremental production sales in FY 2021-22, considering the expansion of mining plan.

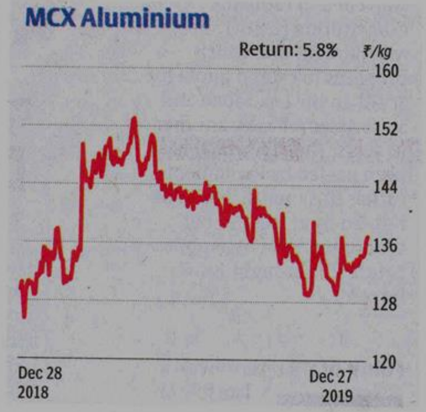
In yet another important move, NMDC as also signed up with the Andhra Pradesh government for supply of iron ore for the proposed greenfield integrated steel plant in YSR Kadapa district, where a the linkage will be for a 5 MT of iron ore per annum in the first phase.

It also expects a favourable development for Donimalai mines paving way for production.

During the first half of this fiscal, NMDC logged sales of ₹5,505 crore, up 13 per cent over same period last year and profit after tax of ₹1,883 crore, up 17 per cent.

BUSINESS LINE DATE : 31/12/2019 P.N.8

MCX-Aluminium likely to extend rally



AKHIL NALLAMUTHU
BL Research Bureau

The spot price of aluminium on the MCX breached the crucial resistance at ₹136. Thus, it has moved out of the range between ₹128.5 and ₹136, within which it had been oscillating since the beginning of October. The metal might have reversed the trend and so the spot price is likely to continue to head upwards in the coming days.

Following the spot price, the January futures contract of aluminium mini, ie, alumini, on the MCX has been advancing since the past two weeks. Last week, the contract broke out of the important resistance at ₹135.6 with considerable volume, making higher highs on the daily chart. Also, it has rallied past the 50-DMA, increasing the possibility of a medium-term uptrend. The daily Relative Strength Index continues to rise in tandem with the contract price and the Moving Average Convergence Divergence on the daily chart indicates substantial bullish momentum.

Considering the above factors, the contract can be expected to retain its bullish momentum, going forward. The nearest hindrance for the contract is at ₹139.25, and above that level, the resistance is at ₹143.2. The resistance at ₹143.2 coincides with the 61.8 per cent Fibonacci retracement level of the previous bear trend, making it a significant level. Alternatively, if the contract weakens, ₹135.6, which coincides with the 50-DMA, will act as a good support.

The three-month rolling forward contract of Aluminium on the London Metal Exchange too rallied during the past week and closed at $1,830, a critical resistance level. The price action is hinting at a bullish bias, increasing the chances for further appreciation. Above $1,830, the resistance is at $1,860. On the downside, the contract has a support band between $1,790 and $1,800.

Trading strategy

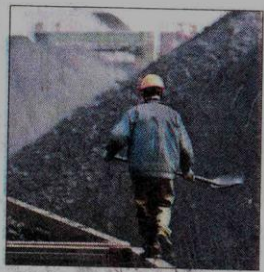
Following the breakout, the January futures contract of Alumini has entered the bull trend. Hence, traders are recommended to initiate fresh long positions on dips with stop loss at ₹134.

THE HITAVADA DATE : 31/12/2019 P.N.9

Coking coal import signals more slowdown in steel output

■ Business Bureau

A DIP in country's steel output is set to become more prominent in the coming months with declining imports of coking coal, a key raw material for the metal production, industry analysts said.



Coking coal imports in November declined by 14.52 per cent to 3.61 million tonnes (MT), against 4.22 MT in the same month last fiscal, Iman Resources said. The country's crude steel production in November was down by 2.8 per cent to 8.9 MT, compared to the production figure of November 2018.

In October, India had reported a 3.4 per cent fall in crude steel output at 9.089 MT as against 9.408 MT in the same month in the previous fiscal, according to a global body.

Till November, import of coking coal in the current fiscal was 44.09 MT, recording a dip of 5.11 per cent over the corresponding period of the previous fiscal, when it recorded an import of 46.46 MT. An analyst said if coking coal import declines sharply indications do not augur well for steel production in the coming months.

In contrast, import of thermal coal rose was at 16.15 MT in November, up by 10.34 per cent than the same month in 2018, Iman data said. In April-November 2019, import of thermal coal was at 165.55 MT registering a jump of nearly 6 per cent over the corresponding period of 2018.

According to predictions of other agencies, thermal coal import for FY20 was likely between 185 MT and 200 MT.

In 2018-19, India imported 164 MT of thermal coal mostly targeted at coastal-based power plants and captive power plants.

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