



खनिज समाचार

**KHANIJ SAMACHAR**

**Vol. 4, No-3**

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# खनिज समाचार

## KHANIJ SAMACHAR



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# Vedanta Beats Street Estimates, Net Jumps 49% in Dec Quarter

Higher margins in iron & steel, lower alumina prices help post ₹2,348-cr profit

**Rakhi.Mazumdar**  
@timesgroup.com

**Kolkata:** Vedanta, India's biggest mining conglomerate, reported a 49% jump in attributable net profit to ₹2,348 crore in the December quarter, with expanding margins in the iron ore and steel businesses and lower alumina prices helping offset the impact of a southward pricing trend in some non-ferrous metals.

Operating revenue fell 10% to ₹21,126 crore, mirroring the drop in global metal prices. The company said measures to rein in costs and boost volumes should help maintain margins in the increasingly volatile market for non-ferrous metals, such as aluminium and zinc.

Vedanta improved quarterly EBITDA margin by 10% to ₹6,531 crore.

The earnings beat Street estimates. "A reduction in the cost of aluminium production, particularly a drastic drop in alu-

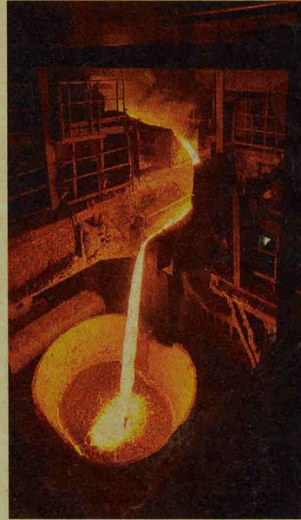
mina prices, helped the company enhance its profitability numbers," said a Mumbai-based metals analyst, who did not wish to be named.

Vedanta's focus on reining in costs while driving volumes should help maintain margins, the company said.

"With prices going the way they are, it is cost and volumes that will compensate for any dip in prices. In Q3, that helped us improve EBITDA margins and profitability," Srinivasan Vekatakrishnan, CEO, Vedanta Ltd, told ET in an interaction after the earnings.

He cited the example of Vedanta's aluminium business where the company reduced output costs from \$2,200/tonne to around \$1,600/tonne in Q3FY20 within a year and a half, while maintaining volumes at 2 million tonnes a year.

Reduced import dependence through local sourcing of bauxite at Lanjigarh, tight management of coal inventory, and im-



proved sourcing from Chotia mines helped hold down costs, he added. The recent judgement on bids for Nalco's alumina tenders will also benefit the company.

Both the Gamsberg zinc mine in South Africa and Hindustan Zinc back home are expected to improve volumes in Q4.

Vedanta's acquisition of Electrosteel Steels in 2018 led to volumes increasing to 2.5 mt, with margins in the steel business doubling to \$110 per tonne. Vedanta now plans to expand its steel output to five million tonnes in the next two years.

Vedanta CFO G Arun Kumar said the company maintains its growth capex guidance of \$1 billion per year since all ongoing projects are showing higher than anticipated internal rate of return. With an uptick in the December volumes, Vedanta said it has decided to maintain its production guidance for commodity verticals in the fourth quarter of FY20.

In the nine months to December, Vedanta's net profit increased 31.6% to ₹5,857 crore. Revenue declined 6% to ₹66,575 crore.

Vedanta closed at ₹137.95 on the BSE on Friday, down 2.13%.



# Vedanta Gets All Clear for FACOR Acquisition

**Rakhi.Mazumdar**  
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**Kolkata:** The decks have been cleared for Vedanta's acquisition of Ferro Alloys Corporation (FACOR) marking a key "strategic" acquisition for the Anil Agarwal-led resources major, which entered the steel sector with its ₹5,320 crore buy of Electrosteel Steels in 2018.

Vedanta has lined up plans to produce 5 million tonne of steel within the next two years with ESL leading the charge. About 20% of FACOR's current production of ferro alloys will be utilised by ESL. Vedanta is planning to grow its ferro-chrome business and is expected to announce plans for raising output at FACOR.

"It is a strategic acquisition for us and will help us in backward integration. More important, it has come at the right price," Vedanta CEO Srinivasan Venkatakrishnan told ET on Friday. "With this acquisition we have acquired two chrome ore mines. The chrome business is a tight market dominated by South Africa, which has the world's largest reserves. While FACOR is producing around somewhat small quantities now of around 70,000 tonnes, we would like to grow the business and will unveil plans to do so following the acquisition," he added.

An expansion in capacity has been a key feature of Vedanta group chairman Anil Agarwal's acquisition strategy over the years. At the time of its takeover in 2002, Hindustan Zinc, now a Vedanta group flagship, produced only 0.2 million tonne per annum (mtpa) of refined metal. Between 2003-2005, it ramped up capacity to 0.5 mtpa and now has a capacity of almost one million tonne.

In a notification to the BSE on Friday, Vedanta said it is implementing the approved resolution plan for FACOR as per an order of the National Company Law Tribunal, Cuttack, dated January 30, 2020.

"The consideration payable for the acquisition of FACOR on debt and cash free basis under the approved resolution plan is ₹A10 crore as well as equivalent of cash balance in FACOR's subsidiary, FACOR Power Limited," the notification said.

It will be part of "an upfront payment and zero coupon, secured and unlisted non-convertible debentures of aggregate face value of ₹270 crore to the financial creditors payable equally over four years commencing March 2021," the statement added.



**Vedanta has lined up plans to produce 5 million tonne of steel within next two years**



# Hindustan Zinc Set for ₹1.6k-cr Fertiliser Foray

**Rakhi.Mazumdar**  
@timesgroup.com

**Kolkata:** Hindustan Zinc Limited (HZL) has finalised plans to enter the fertiliser business. The Vedanta group's flagship company is planning to set up a 0.7 million tonne (mt) per annum plant at an estimated investment of ₹1,500-1,600 crore.

The company is in the final stages of getting environment clearance for the project, which is slated to come up within its complex. The plant will produce Diammonium Phosphate (DAP), a widely used phosphorous fertiliser.

It will mark the advent of a significant player in the DAP market in India, with nearly seven million tonnes of domestic production capacity. The company has firmed up a strategy to produce a value-added downstream product, by adding various nutrients such as N, P, K, S, (nitrogen, phosphorous, potassium and sulphur) depending on different soil conditions. The strategy is expected to help it differentiate its product in the fertiliser market.

The move forms part of the company's initiative to utilise its by products and hedge against volatility in its sulphuric acid business, HZL CEO Sunil Duggal told **ET**. "We are likely to get EC (environment clearance) for the project soon," he said. "Following

this, we will finalise the engineering, procurement and construction (EPC) contract."

The company is currently engaged in internal working with HZL teams visiting the sites where the plants are established. It will be negotiating with vendors and technology suppliers and will place orders for the plant as it finalises the technology and the partner. "The fertiliser plant will come up within our own complex where

we have railway siding and own power," said Duggal.

The annual revenue projection from the fertiliser business could not be ascertained. The company said it was "on the drawing board for the feasibility of the project".

Private sector players, including the likes of Hindalco, dominate the domestic DAP market with around 5 mt of installed capacity, and another 2 mt of capacity in the co-operative sector, while the overall domestic market for phosphatic fertilisers was estimated at 23 million tonnes in 2018-19.


Investec Securities said in a recent report: "Capital allocation into non-core areas like fertilizer remains a risk to trading multiples."



**Company is planning to set up a 0.7 million tonne per annum plant**

INDUSTRY

STUDY



## METALS: MONTHLY WRAP

**Non-ferrous: Prices falling:**

- Global aluminium production contracted 1% yoy to 5.4 mn tonnes, following c.5% fall in Chinese production to 3.0mn tonnes.
- Global and China mom average daily production remained flat at 175KT and 98KT.
- Aluminium prices witnessed 3% mom fall to US\$ 1,738/t. The gap between LME and Shanghai prices stands at US\$ 316/t vs US\$ 241/t mom.
- Aluminium inventories on major exchanges fell 12% to 1.5mn tonnes.
- China/Es aluminium exports at 400KT fell 15% yoy but improved 3% mom.
- Chinese captive power and grid power smelter profitability improved each by CNY143/t mom to CNY 3,602/t and CNY 992/t.
- Aluminium CoP also witnessed downward trend. Alumina, Anode and caustic soda prices fell 1%, 2% and 4% mom. While coal prices improved 6%.
- Zinc and lead prices fell by 1% each to US\$ 2,254/t and US\$ 1,899/t, respectively.
- Zinc TC/remained at elevated levels of US\$ 305/t.
- Lead inventories fell mom while zinc inventories improved.

(NMS)

### Gold prices jump Rs 277, silver rises Rs 483

NEW DELHI, Feb 1 (PTI)

GOLD prices on Saturday jumped by Rs 277 to Rs 41,923 per 10 gram in the national capital, according to HDFC Securities. The precious yellow metal had closed at Rs 41,646 per 10 gram on Friday. Silver also witnessed increase in demand as prices jumped Rs 483 to Rs 48,096 per kg from Rs 47,613 per kg in the previous trade. "Spot gold for 24 Karat in Delhi rallied by Rs 277 reflecting overnight gains in global gold prices," HDFC Securities Senior Analyst (Commodities) Tapan Patel said. Overseas markets are closed for weekend.



# Gold approaching lifetime high

Silver contract for March ended flat last week, while gold futures for April rose 1.8%

AKHIL NALLAMUTHU

MCX COMDEX, the composite commodity index of the Multi Commodity Exchange (MCX), depreciated last week to 3,833 points following a decline in crude oil prices.

The rally in gold could not restrict the downside as its weight in the index is comparatively less.

While the crude oil weight is around 33 per cent, the weight of gold is around 17 per cent.

Since crude oil is likely to witness a downside further, there seems to be no relief for the index.

In the short-term, it can fall to 3,760.

## MCX-Crude (₹3,677)

The February futures of crude oil at the MCX continued to decline last week. The contract breached a key support at ₹3,780, further increasing the possibility of a decline. Notably, the 21-day moving average crossed below the 50-day

moving average — a bearish indication.

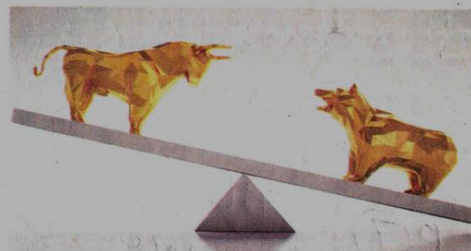
The contract closed with a loss for a fourth consecutive week. The moving average convergence divergence indicator in the daily chart shows a substantial bearish momentum as it extends deep into the negative territory.

The trend is clearly bearish. But the daily relative strength index (RSI) has got into over-sold levels and the contract might see a pull-back.

Traders can short the contract with a stop-loss at ₹4,000 if it rallies to ₹3,880. On the downside, the contract can weaken to ₹3,600. Below that level, it can fall to ₹3,500.

## MCX-Gold (₹41,205)

Gold rallied and closed with a gain for a third consecutive week. The April contract at the MCX rallied past an important level of ₹41,000 after a decline and it is approaching a lifetime high of



ISTOCK.COM/PETERSCHREIBER/MEDIA

₹41,567.

Last week, the price bounced from the 21-day moving average support at ₹40,200 level. The uptrend seems to be gaining momentum as indicated by the daily RSI, which is showing an uptick.

As the outlook remains bullish, one can initiate fresh long positions on declines with a stop-loss at ₹40,300. The support below that level is at ₹40,000 — the 38.2 per cent Fibonacci retracement level of the previous uptrend.

On the upside, the contract will most likely breakout of its previous high at ₹41,567 and rally to

₹42,000. Above that level, it can move to ₹42,380.

## MCX-Silver (₹47,118)

The silver contract underperformed gold last week. On a close-to-close basis, the silver futures at the MCX was flat, whereas the gold futures contract gained 1.8 per cent.

The March contract of silver, during the first half of the week, broke below an important support at ₹45,735 and slipped below both the 21- and 50-day moving averages. However, the contract rebounded, making the breakdown

invalid, and closed at ₹47,118.

Though the contract has closed above ₹47,000, the breakout is not convincing. For the contract to establish a rally, it must sustain above ₹47,000 for the next few sessions. However, one can take a bullish view until the contract price stays above ₹45,700, as it is a strong support. Thus, traders can buy the contract on declines with a stop-loss at ₹45,600. On the upside, the near-term targets can be at ₹48,100 and ₹49,000.

## MCX-Copper (₹426.3)

The copper futures continue to exhibit weakness. The price of February contract declined below an important level of ₹430 last week, opening the door for further depreciation. While the RSI stays flat, the moving average convergence divergence indicator in the daily chart continues to indicate good downward momentum. Thus, the outlook remains negative.

Traders can either sell the contract with ₹445 as the stop-loss if it rises to ₹435, or sell the contract with a tight stop-loss if it decisively breaks below ₹425.



## MCX Gold

Supports:  
₹40,320/40,000  
Resistances:  
₹42,000/42,380

## MCX Silver

Supports:  
₹46,000/45,735  
Resistances:  
₹48,100/49,000

# Import duty on gold coins raised to 12.5%

SURESH P IYENGAR

Mumbai, February 2

The Budget has increased the import duty on gold coins to 12.5 per cent from 10 per cent, making it on a par with that of bullion. The demand for bars and coins in India doubled to 45 tonnes in the December quarter from the 22 tonnes logged in the September quarter. However, demand was down 10 per cent at 145 tonnes (162 tonnes) last year, in line with the overall weak gold demand, which fell nine per cent to 690 tonnes (760 tonnes).

Pramod Kumar Agrawal, Chairman, Gem and Jewellery Exports Promotion Council of

India, said the government has now equated the gold bullion sector under single import duty regime by increasing the import duty on gold coins from 10 per cent to 12.5 per cent.

## Import duty

However, he said the industry demand to decrease the import duty on bullion to 4 per cent from 12.5 per cent has not been met.

On the new levy of 0.5 per cent import duty on rough coloured gemstones, rough semi-precious gemstones and pre-forms of precious and semi-precious gemstones, Agrawal said rough gem

stones are primarily imported for cutting and polishing work and are later exported.

The domestic demand for coloured gemstones is very minuscule, and India competes with China and Thailand in this segment in the export market. The rise in import duty of rough coloured gemstones will upset the export of gemstones from Rajasthan, the hub for the processing of coloured gemstones, which employees about 1.5 lakh workers, he said.

"We request the government to roll back the proposed import duty on these rough coloured gemstones in

the interest of gemstone exports from India," said Agarwal.

Somasundaram PR, Managing Director (India), World Gold Council, said that by increasing the import duty on gold coins, the government has corrected the duty anomaly. The government intention would have been to avoid duty arbitrage and bring local minted coins on par, he added.

Tanya Rastogi, Director, Lala Jugal Kishore Jewellers, said the measures to boost farmers' income and reduce taxes for the middle class, will boost purchasing power and consumer confidence, which,

in turn, will benefit the jewellery industry. Focus on the next wave of digital revolution will add impetus to digital gold products, said Rastogi.

Ishu Datwani, Founder, Anmol Jewellers, said the relief to common man with lower income tax slabs, should have a positive impact on gold buying.

Shreyansh Kapoor, Vice-President, Kashi Jewellers, said the industry is still dominated by small retailers and family-owned units, who do not fall under the corporate category, while the likes of Tanishq form just one per cent in this industry.



## JSW Steel Bags Mines in Odisha

**NEW DELHI** JSW Steel has bagged two iron ore mines with a total reserves of 980 million tonnes in the auction in Odisha, a source said. The company won Narayanposhi iron block with 190 MT reserve on Sunday, according to the industry source. Others in the fray for this iron ore mine include Arcelormittal Mittal India, Vedanta, Tata Steel and JSPL. On Friday, JSW Steel bagged the Nuagaon mine, which is the largest iron ore block in the auction in Odisha. It has a total estimated reserve of around 790 million tonne. —PTI

THE HITAVADA (CITYLINE) DATE : 4/2/2020 P.N.10

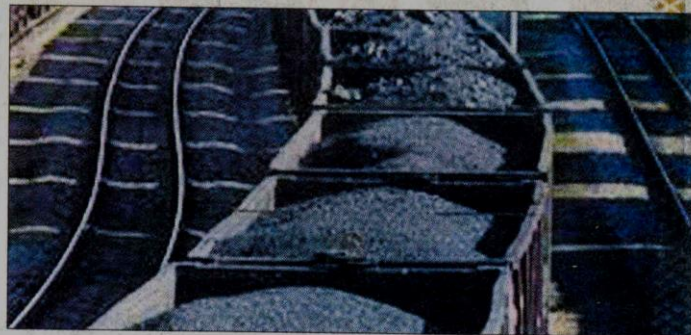
## Coal import rises to 186 MT in Apr-Dec

■ Business Bureau

INDIA'S coal import increased by 7.6 per cent to 185.88 million tonnes (MT) in the April-December period of the current fiscal. Coal imports in December rose by 13.3 per cent to 20.52 MT compared to 18.10 MT in the year-ago month, according to the provisional data by Mjunction services.

Non-coking coal imports were at 14.21 MT in December 2019 against 12.5 MT in December 2018. Coking coal imports were at 4.47 MT against 3.76 MT imported in December 2018.

"There was slight uptick in import activities during the month, thanks to the recovery in steel prices and steady demand from sectors like cement and



sponge iron," Mjunction MD and CEO Vinaya Varma said.

Going forward, import demand may subside a little due to current volatility in non-coking coal prices and increased supply of coal from domestic sources, he said. Mjunction -- a joint venture between Tata Steel and SAIL -- is a B2B e-commerce company and

also publishes research reports on coal and steel verticals.

During the April-December period, coal and coke imports were at 185.88 MT, up by 7.66 per cent compared to 172.65 MT in the same period last year.

India imported 235.2 million tonnes of coal in 2018-19 valued at Rs 1.7 lakh crore.

# Outlook turns weak for MCX-Aluminium

## COMMODITY CALL

AKHIL NALLAMUTHU

BL Research Bureau

The February mini futures contract of Aluminium, ie, Alumi on the Multi Commodity Exchange of India (MCX) seems to have resumed its downtrend as it closed in the red for the second consecutive week.

The price level of ₹142 is acting as a substantial resistance which had capped the rally the began from ₹134. Notably, there was a spike in price that took the contract to ₹145.5, but it could not sustain, and was sold off immediately.

The contract then declined gradually, and it has slipped be-

low the 21-day moving average, possibly shifting the short-term trend to bearish one. Currently trading at ₹138.8, the contract has its immediate support at ₹137.7 — its 50-day moving average. Also, the 61.8 per cent Fibonacci retracement level of the prior uptrend is at ₹138. Thus, the price area between ₹137 and ₹138 can act as a support band.

The relative strength index (RSI) and the moving average convergence divergence (MACD) indicator on the daily chart hints at further downside. While the RSI has been steadily declining and has gone below the mid-point level of 50, the MACD shows considerable downward momentum.

**On the global front, the price of the three-month rolling forward contract of Aluminium on the London Metal Exchange has fallen drastically**

On the back of prevailing bearish momentum, if the contract breaches the support band between ₹137 and ₹138, it can attract more selling pressure, potentially dragging the price to the previous low at ₹133.4.

But if the price appreciates, ₹140.6 can act as a hurdle, above which the resistance is at ₹142.

On the global front, the price of the three-month rolling forward contract of Aluminium on the London Metal Exchange (LME) fell drastically. Currently trading at \$1,722, it has a critical support at \$1,710.

Subsequent support is at ₹1,655. The nearest resistance is at \$1,750.

### Trading strategy

Though there are indications of a potential decline from current levels, one needs to be cautious of the support band between ₹137 and ₹138. So, from the trading perspective, initiate short positions in MCX-Aluminium only if the contract decisively breaks below that price area. Place stop-loss at ₹141.

## Coal production in Naini block of SCCL by March 2021

Singareni CMD reviews timelines with senior officials

SPECIAL CORRESPONDENT  
HYDERABAD

Singareni Collieries Company Ltd (SCCL) is preparing an action plan to start coal production in the Naini block, allotted to it in Odisha, by March 2021.

At the Area General Managers meeting of SCCL held here on Tuesday, SCCL Chairman and Managing Di-

rector N. Sridhar stated that permission to pay compensation of ₹450 crore for forest lands in the coal block area and taking up railway line to the coal block in joint venture would also be discussed at the next board meeting of the company.

Mr. Sridhar stated that the target of coal production for the next financial year was fixed at 67 million tonnes and that of over burden removal at 450 million cubic meters. For Naini, the initial production target would be 5 million tonnes a year and it would be later scaled up to

10 million tonnes. The Naini block has reserves of about 350 million tonnes of coal.

### New blocks

He discussed about the mines in which coal production was planned to be commenced from the next year and also on the plans for production in Naini and New Patrapada blocks allotted to the company. The Area General Managers were given timelines for various pre-production works in the Naini and New Patrapada blocks. He asked the officials concerned to put in efforts to get all ne-

cessary clearances in time. Officials explained that the process of forest, government and private land acquisition for Naini was speeded with the cooperation of the Revenue and Forest department officials of Angul district in Odisha.

### Compensation

They further stated that the company had to pay ₹450 crore as compensation for acquiring 783.27 hectares land and would be included in the agenda for the next board meeting for clearance where clearance for the fea-

sibility report would also be taken.

The Singareni CMD directed the officials concerned to complete the acquisition of private lands in three villages by June this year and pursue for environmental clearance till July-end. He also wanted the officials to appoint an agency for development and operation of the mine in June-July so that coal production could be taken up by March 2021.

### Rail link

On the rail link to Naini block, the Singareni has de-

cided to enter into a joint venture with Coal India for constructing a railway line. In the New Patrapada coal block with about 1,000 million tonnes reserves, he directed General Managing (Naini) Vijaya Rao to take up drilling work with the help of private agencies for preparing a mining map. In Naini, a comprehensive mining map was already developed by sinking 54 bore holes. As part of the coal production target for Singareni, 5 million tonnes of additional production would be added from five new open cast mines.



THE HINDU DATE : 5/2/2020 P.N.4

# PIL plea over granite quarry in Mahboobabad

Mining going on in areas not under lease, says mandal president

SPECIAL CORRESPONDENT  
HYDERABAD

A PIL petition was filed in Telangana High Court on Tuesday seeking a direction to the State government to restrain a quarry owner in Mahboobabad from mining black granite accusing him of mining 20 acres of land while actually he was given lease only for two acres of land.

The plea was filed by Garla Mandal Praja Parishad president Malothu Venkatlal against M. Ramakrishna over a quarry he was operating in Maddivancha village of Garla in Mahboobabad district. Mr. Venkatlal maintained that Mining Department had given permission to Mr. Ramakrishna to mine

land of two acres under survey no. 119P of Maddivancha village.

He alleged that the quarry operator was extracting black granite in nearly 20 acres of land. He was causing a dent on the State exchequer by doing so, the petitioner charged. The petition is likely to come up for hearing in a day or two.

## Security Commission

A Division Bench of Chief Justice Raghvendra Singh Chauhan and Justice A. Abhishek Reddy had directed the State government to formulate guidelines and rules relating to appointment of State Security Commission and Police Complaint Authority.

The Bench was hearing a writ appeal filed by governments of Telangana and Andhra Pradesh over a single judge order to appoint SSC and PCA in their respective States.

The Telangana govern-

ment counsel told the Bench that government had already written to the HC Registrar to suggest names of eligible former High Court judges for appointment of these posts. The Bench observed that it was not sufficient to write a letter but the government should first formulate guidelines for appointment of eligible persons for the bodies.

The matter was posted for hearing after four weeks.

## Habeas Corpus

The HC on Tuesday adjourned the hearing of habeas corpus petition relating to the arrest of Osmania University associate professor Chinthakindi Kaseem to Thursday. Earlier, the High Court had instructed the government to file a counter affidavit on the professor's arrest, seeking some specific clarifications on his alleged links with the outlawed CPI-Maoists and the literature seized from his house.

## Gold drops Rs 388 amid sell-off in global prices

NEW DELHI, Feb 4 (PTI)

GOLD prices on Tuesday dropped by Rs 388 to Rs 41,270 per 10 gram in the national capital in line with sell-off in global prices and rupee appreciation, according to HDFC Securities.

Likewise, silver also fell by Rs 346 to Rs 47,080 per kg from Rs 47,426 per kg in the previous trade. Gold had on Monday closed at Rs 41,658 per 10 gram. "Spot gold for 24 Karat in Delhi plunged by Rs 388 in line with sell-off in global gold prices and rupee appreciation. Spot rupee was trading around 18 paise stronger against the dollar during the day," HDFC Securities Senior Analyst (Commodities) Tapan Patel said. In opening trade on Tuesday, the rupee appreciated by 19 paise to 71.19 against the US dollar. In the international market, gold was quoting lower at USD 1,570 per ounce, while silver was ruling flat at USD 17.73 per ounce. "Gold prices declined as global markets bounced back with stable Chinese indices after China central bank infused liquidity," he added.



## खनन श्रमिकों की सुरक्षा सर्वोपरि



नवभारत  
समाचार सेवा  
दिल्ली.केंद्रीय  
श्रम एवं  
रोजगार मंत्री  
संतोष गंगवार

ने कहा है कि भारत खनिज संपदाओं से समृद्ध देश है। यही वजह है कि आज, खनिज क्षेत्र हमारी राष्ट्रीय जीडीपी में जहां 2.6% योगदान करता है वहीं करीब 10 लाख लोगों को प्रत्यक्ष रोजगार प्रदान करता है। इसलिए खानों में काम करने वाले श्रमिकों की सुरक्षा से समझौता बिल्कुल नहीं हो सकता। हमें आर्थिक लक्ष्यों की अपेक्षा मानवीय जीवन की सुरक्षा को ज्यादा महत्व देने की जरूरत है।

BUSINESS LINE DATE : 6/2/2020 P.N.16

## Global warming: Tata Steel brings a 'green' touch to production

'New process can cut emissions by a fifth compared to conventional blast furnace'

M RAMESH

Chennai, February 5

Tata Steel has piloted a new process for production of steel, which it says "results in enormous efficiency gains" and reduces energy use and carbon dioxide emissions by one-fifth of that in the conventional blast furnace route.

The company has tested this "completely new technology for producing steel" in five pilot plants in Europe; the next step is to bring a commercial scale plant to India.

### How it works

The process, called HIsarna, is a combination of Isarna and His-melt, the Celtic words for iron and melting vessel, respectively. The company has spent \$75 million in developing the technology at its steel plant in

Ijmuiden, The Netherlands. In a conventional blast furnace, the 'flux' — a mixture of iron ore, coke and limestone — is put into the furnace and a blast of oxygen is sent in through a lance. The mixture melts and collects at the bottom. In HIsarna, the ore is liquefied in a high-temperature cyclone at the top and the molten ore drips to the bottom of the reactor, where powder coal is injected.

"The technology removes a number of pre-processing steps and requires less stringent conditions on the quality of the raw materials used," says a Tata Steel note.

### Slashing CO2 emissions

Since it is highly concentrated carbon dioxide that leaves the reactor, the system is "ideally suited for carbon capture and



The steel industry is among the largest emitters of carbon dioxide, the prime culprit in global warming. ISTOCK

either storage (CCS) or use (CCU), without the need for a costly gas separation stage."

The combination of HIsarna with storage could slash carbon dioxide emissions by 80 per cent, compared with that in the conventional steel production process, the company says.

A spokesperson of Tata Steel told *BusinessLine* that the company is "currently in the process of upscaling the design towards commercial scale". He said the

company intends to have the first scaled-up plant in India, and subsequently build a commercial plant in Ijmuiden.

"The commercialisation of the process will require significant engineering efforts and investment," he said. Asked about the investments that a commercial plant would require, he said that would depend upon the "location, existing infrastructure and the desired configuration". Engineering teams in In-

dia and Europe were working together "to ensure earliest realisation at both locations," the spokesperson said.

The steel industry is among the largest emitters of carbon dioxide, the prime culprit in global warming. A recent report by The Energy and Resources Institute (TERI), one of India's leading research bodies, noted that the Indian steel sector would likely triple its carbon footprint by 2020, given the need to produce more. Tata Steel expects HIsarna would "play a pivotal role in meeting the future recycling ambitions of the circular economy."

The company puts it thus: "Not only do we expect to be able to combine primary steel-making with recycling of up to 50 per cent steel scrap, which is twice the present theoretical maximum of the Blast Furnace-Basic Oxygen Steel plant route. HIsarna also allows the recovery of zinc from coated steel scrap."



## 'Hind Zinc, Balco Residual Stake Sale Not Off Table'

Gulveen.Aulakh@timesgroup.com

**New Delhi:** India could look at selling residual government stake in Hindustan Zinc and Balco after a Supreme Court decision, a top government official told ET.

"The residual stake sales are not off the table. The case is in SC and there was a stay order, but it has come up again now. Once it gets disposed, we will move forward in that direction," Tuhin Kanta Pandey, secretary of department of investment and public asset management (DIPAM) said.

Sale of government stake in HZL alone can fetch it over ₹24,000 crore, aiding the government meet the steep divestment target of ₹2.1 lakh crore for FY21. The government owns 49% stake in BALCO and 29.54% in HZL, companies

that were privatised by the Atal Bihari Vajpayee led- NDA 1 government.

In 2016, the Supreme Court put a stay order on any further sale of both companies. The government now expects decision in the matter soon.

Vedanta Group had acquired government's 51% stake in BALCO for Rs 551.50 crore in 2000-01, and in 2002-03 it bought 26% in Hindustan Zinc for Rs 445 crore. It acquired an additional 18.92% stake in HZL, through a call option clause in its shareholder's agreement with the government. It had also acquired an additional 20% in HZL from public.

Stake sale would be open auction following an advise by the Attorney General in this regard.

"The government has to sell in the market. We are not going to do anything bilaterally, because the attorney general has advised us earlier that it's not permissible," Pandey said.

THE HITAVADA(CITYLINE) DATE : 7/2/2020 P.N.10

## Lack of policy support slows India's natural stones export

■ Business Bureau

THE growth in exports of natural stones from India like granite, marble, slate and quartzite slowed down in 2019 due to lack of policy support from State Governments, according to industry players.

General Secretary of the Federation of Indian Granite & Stone Industry S Krishna Prasad said Indian exports crossed USD 2.2 billion (Rs 14,000 crore) in 2018, up 10 per cent from the previous calendar year.

"Last year (2019), it was estimated to be slightly more, may be five per cent growth", Prasad told PTI on Monday.

"Production is down and a lot of processing units have closed down".

India has the second largest deposit of natural stones in the world with 15 per cent of the natural stone reserve, which is about 46.23 billion cubic metres, according to FIGSI.

Globally, India is in fourth position in natural stone trade.



FIGSI President Ishwinder Singh said of late the processing industry is "starving" for want of raw materials, adding, governments need to grant more quarries to support it.

"Since the closure of most of the quarries in Tamil Nadu and Karnataka due the state govern-

ments' 'policy decisions', the processing industry is importing marble under OGL," Singh further said.

"Export-oriented units are importing both marble and granite blocks to overcome shortage of supplies," he added.

He said the industry needs

long-term quarry lease, ranging from 30-50 years with guarantee renewals.

Singh also said that the Rajasthan model of royalty collection seems to be "very practicable" and other State Governments may adopt it with requisite modifications suitable to them.

Meanwhile, he said FIGSI has plans to develop an R&D centre for natural stone industry, a world-class stone museum, stone testing laboratory and exhibition centre, among others.

FIGSI is hosting the 14th international granite and stone fair - STONA 2020 -- at Bengaluru International Centre from February six to nine.

About 550 exhibitors from India and abroad are participating in the event, Chairman, STONA 2020, Manoj Kumar Singh said.

"We are having country pavilions from Turkey, China, Iran and Italy and many individual exhibitors from Oman, Ukraine, Coatia, Spain and many other countries", he said.



# Gold on correction path as support factors weaken

## COMMENTARY

G. CHANDRASHEKHAR

What propelled gold to reach a staggering price level of \$1,580 a troy ounce recently is now set to negatively hit the precious metal and drag it down as dramatically as it rose. We are referring to the ongoing epidemic of novel coronavirus (nCoV) emanating from Wuhan in China.

Without doubt, the outbreak and its rapid spread resulted in gold profiting from risk aversion among market participants. Huge uncertainty among investors meant gold's safe haven demand received a big boost. There are also additional factors, including central bank purchases, ETF inflows and large flow of speculative capital that helped gold rally.

### Correction time

It is now clear, the rally is overdone. While how long the epidemic will last and how soon it will be contained is still a mat-

ter of conjecture, it is clear that nCoV is seen destroying the already fragile physical demand. Many parts of China are facing travel restrictions and public life stands halted. There is consensus that the Asian major's economic growth is at risk.

Looking ahead, H1 2020 is going to be hugely challenging for China. Gold import volumes are certain to shrink and physical demand will remain enervated, compounded by weak currency and high local prices. Already, Chinese consumers are seen going for lightweight jewellery.

No wonder, World Gold Council (WGC) in its report estimated a 15 percent decline to about 900 tonnes in the Asian major's import last year. If anything, it can get worse this year.

### India scene

India is no different. Despite hectic lobbying by interest groups, the recent Union Budget left import duty on gold unchanged; and rightly so. At well over ₹40,000 per 10

grams, gold rates in the country have reached all-time high, making the precious metal unaffordable for many. A weak rupee makes matters worse.

As price elasticity of demand kicks in, import volumes will shrink as evidenced by a fall in physical import last year. 2020 will continue to be challenging for the country as the economy has not got the much-needed booster dose. Also, there is nothing to suggest rural incomes are going to rise markedly.

WGC sees a decline in India's gold demand in 2019 and estimates it at about 690 tonnes, a fall of 9 per cent. If prices continue to stay at the current elevated levels, demand destruction will continue. Only a significant price correction in the domestic market can stem the demand rot in India.

Taking all these into account, the gold market has already started to tread on the path of correction. On Thursday, it was trading at \$1,555/oz, having lost another support factor in the form of the US President ac-

quittal by the Senate. So, from its lofty levels, it has already shed \$25/oz. It is expected to first breach \$1,540/oz and then fall to \$1,500/oz levels in the course of the coming weeks.

### Price fall begins

The price fall, as always, will be exaggerated as speculative longs liquidate their position rapidly.

But weak demand is not the only reason for the anticipated price correction. There are other contributory factors. Gold's usual friends are geopolitical tensions, weak dollar and falling stock market. None of these support gold now. Geopolitical tensions are surely easing. While, the dollar continues to remain resilient, the stock market continues to perform well. So, less committed gold bulls will exit their position to move the money to equities.

*The writer is a policy commentator and commodities market specialist. Views are personal*



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## MCX-Zinc continues to tread lower



**AKHIL NALLAMUTHU**

BL Research Bureau

The spot price of Zinc on the Multi Commodity Exchange of India (MCX) continues to witness downward pressure. The major trend remains bearish and further depreciation from current level looks highly likely.

The February mini futures contract of Zinc on the MCX continued its downtrend last week and currently stays below both 21- and 50-DMA. The contract has slipped below an important level of ₹175. Hence, the outlook remains negative and for the commodity to reverse the trend, it should decisively break out of ₹180.

The RSI and the MACD indicators on the daily charts corroborate with the bearish view. While the RSI is below the mid-point level of 50, the MACD has further extended into the negative region.

On the back of the major downtrend, the contract can be expected to decline to ₹165. Below that level, it can potentially depreciate to ₹160. On the other hand, if the contract manages to reverse the trend, an immediate resistance can be spotted at ₹175. If that level is taken out, the contract can rally towards the next resistance in the band between ₹178 and ₹180.

On the global front, the three-month rolling forward contract of Zinc on the LME broke below the critical level of \$2,200 last week. It registered a new multi-year low of \$2,142 on Monday. It has come off the low and currently trades around \$2,200. But the price action on the daily chart indicates that the contract is struggling to move past that level; until the price stays below it, the metal will be subject to considerable selling pressure.

### Trading strategy

The futures contract on the MCX continues to tread lower whereas the forward contract on the LME has breached an important support, suggesting further decline in price. Hence, traders can initiate fresh short positions in MCX-Zinc mini contracts on rallies. Place stop-loss at ₹178, which coincides with the 21-day moving average.

## Mining ban has sent Goa's debt soaring to ₹19,000 cr: GOMEA

**PRESS TRUST OF INDIA**

New Delhi, February 6

The Goa Mineral Ore Exporters Association (GMOEA), a body representing mine owners, said the State's debt has ballooned to around ₹19,000 crore on account of mining coming to a halt and emphasised the need to resume mining.

Mining in Goa came to a stop in March 2018, after the Supreme Court quashed the renewal of 88 mining leases.

"The State's debt was ₹13,000-14,000 crore when mining was stopped. And today it has reached almost ₹19,000 crore. In a small State like Goa... debt has increased in the last two years which really shows how mining has affected the economy," GMOEA Secretary Sauvik Mazumdar told reporters here on Thursday.

Stakeholders involved in machinery, logistics, ports, service sectors among others and most importantly the State and the centre have already lost revenue of approximately ₹7,000 crore in the two years of mining ban, he said.

SUGGESTION OF A RECOVERY IN DEMAND, SAY ANALYSTS

# 'Higher Cement Prices May Sustain On Capex, Infra Push'



Analysts' estimates of cement prices (₹)

	Jan-20	Jan-19	YoY GR (%)	Dec-19	Jan-20	Mo-Mo GR (%)
North	323	280	15.4	341	323	6.6
South	316	301	5	331	316	2.9
West	297	287	3.5	319	297	1.7
East	297	291	2.1	288	297	6.1
Central	328	312	5.1	293	328	3.8
All India average	312	294	6.1	314	312	4.2

SOURCE: RSec Research

Cement companies have been able to sustain the price increase – the first in eight months – for the whole month of January. This suggests a recovery in demand, say analysts.

The average price has risen 6% year-on-year and 4% month-on-month to ₹323 for a bag of 50 kg, according to analyst reports.

Analysts expect prices to sustain until the beginning of the monsoon season. This is because,

historically, 40-50% of the capital expenditure by state governments occurs in the March quarter, which will support the price trend till May. In addition, the central government's plan to spend ₹102 lakh crore on infrastructure projects in the next five years augurs well for the sector.

Besides, raw material prices such as those of pet coke are 30% cheaper than a year ago. These factors have prompted

analysts to upgrade earnings estimates of well-placed cement companies such as Ultratech Cement, Ramco Cements, Shree Cement, and Ambuja Cements by 5-10% for FY20. The ET Cement index has gained nearly 10% over the past month compared with 1.5% gain in the benchmark S&P BSE Sensex. The momentum in the sector index is likely to continue given the favourable factors.

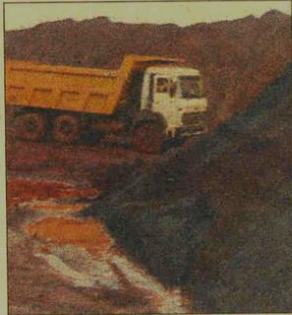
– Rajesh Naidu/ET Intelligence Group



# JSW Steel Keen on Acquiring More Iron Ore Mines in Odisha

Co in final stages of acquiring land in the state for proposed greenfield project

**Bhavya.Dilipkumar**  
@timesgroup.com



**Mumbai:** JSW Steel is closely watching all the upcoming iron ore mine auctions even as it completes land acquisition in Odisha for a proposed greenfield project, a top executive said.

"We remain interested in the upcoming iron ore mining auctions because we would like to have a backward linkage," director (commercial, marketing & corporate strategy) Jayant Acharya told ET. The company has acquired part of the land identified in Odisha and is in the process of closing the remaining deals, he said. "At an appropriate time, we will take it (the project) forward."

In January, a news agency report had said the Utkal Steel Project at Jagatsinghpur in Paradeep would cost ₹53,700 crore. Reports earlier had said JSW had not yet received the 2,980 acres it was seeking for the integrated steel plant.

The company has so far won three iron ore mines in Odisha — Nuagaon and Narayanapohi in January and Genua on Wednesday — through e-auctions. It is in the process of bidding for the Jilling block, with 70 million tonnes of reserves.

He said the company must first complete resource allocation towards other inorganic expansions, like Bhushan Power & Steel which it has ag-

reed to acquire. Inorganic expansion is JSW's priority now, as this will allow it to get faster returns.

The company plans to increase capacity of its cold-rolled steel plants in 2020, encouraged by a marginal sequential revival in the automotive sector, which is the main consumer of this product, Acharya said.

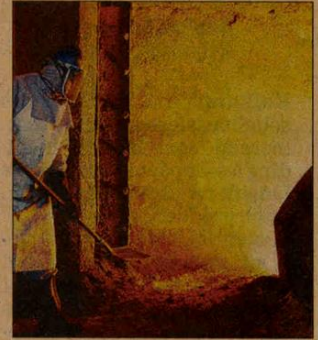
"We are already in the final stages of finishing expansion in Dolvi (Maharashtra). If there is a potential improvement in auto this year, we will take up cold-rolled steel plant expansion among other downstream expansions," he said.

The government in its recent budget announced several development plans for the Indian Railways, including setting up of large solar power capacity and introduction of high-speed trains. The company sees an opportunity here.

"We have already been engaged with the Indian Railways and we will continue to look for any opportunity in that. For the upcoming FY21, we are focusing on meeting the demands for the infrastructure and construction segments. We are also looking to improve our penetration in solar," Acharya said.

# ArcelorMittal Posts Net Loss of \$2.4 b in 2019

Debt down to \$9.3 b, lowest since it was formed in 2006 via merger of Arcelor and Mittal Steel



**Our Bureau**

**Kolkata:** ArcelorMittal posted a net loss of \$2.4 billion in 2019, a year when the world's largest steelmaker said its biggest achievement was the acquisition of Essar Steel in India.

The acquisition, in partnership with Nippon Steel, has secured a new opportunity for the group in the fast-growing Indian market, chairman Lakshmi Mittal said on Thursday, while commenting on the company's performance for the three-month and 12-month periods ended on December 31. ArcelorMittal follows January to December fiscal year.

"The asset is performing well and offers considerable brownfield potential aligned with the country's ambition to triple crude steel production over the next ten years," he added.

In an analyst presentation, the company termed Essar Steel as the "fifth steel pillar for ArcelorMittal", adding: "This (acquisition) marks our entry in to the high-growth Indian market and we look forward to demonstrating the capability and opportunity of this new asset in the coming periods."

Luxemburg-based ArcelorMit-

tal had reported a net profit of \$5.15 billion in 2018. For the final quarter of 2019, it posted a net loss of \$1.88 billion, against a net profit of \$1.19 billion last year.

Earnings before interest, tax, depreciation and amortisation at \$925 million for the fourth quarter came on top of the average analyst forecast of \$862 million. The company said it expected steel demand in its core markets of the US, Europe and Brazil to grow in 2020. Net debt went down to \$9.3 billion at the end of 2019, the lowest level since



THE INDIAN EXPRESS DATE : 8/2/2020 P.N.16

# Tata Steel Q3 loss at ₹1,229 cr on lower sales, impairment provisions of European ops

ENS ECONOMIC BUREAU  
MUMBAI, FEBRUARY 7

TATA STEEL has posted a consolidated net loss of Rs 1,229 crore for the third quarter (Q3) ended December 2019 as against a profit of Rs 1,753 crore during the same quarter a year ago, mainly due to lower sales and impairment provisions for its European operations.

Consolidated turnover declined to Rs 35,520 crore from Rs 38,854 crore in the year-ago period. Its profit from Indian operations declined to Rs 1,194 crore in the December quarter from Rs 2,253 crore a year ago. The company also said the consolidated financial results includes provision for impairment in respect of non-current assets within the European operations.

T V Narendran, CEO & managing director, Tata Steel, said, "Our European operations made a loss as it felt the brunt of the overall slowdown and the consequent shrinking of spreads. This adversely affected our consolidated performance." Revenue from European operations decreased to Rs 13,821

**Consolidated turnover declined to Rs 35,520 crore from Rs 38,854 crore in the year-ago period**

crore in Q3 primarily due to sharp decline in European steel prices, resulting in a loss of Rs 956 crore at the EBITDA level.

"Tata Steel delivered strong growth in volumes despite poor macroeconomic conditions in India as well as globally. In India, our business model helped us counter the slowdown as we successfully penetrated new markets and expanded our customer universe. We were also able to maintain our sales to the auto segment despite the sluggishness faced by the auto industry," he said.

"Both our acquisitions, Tata Steel BSL and Tata Steel Long Products, continue to deliver operational improvements and achieve milestones in the market place. Our Kalinganagar Phase II expansion is progressing well and we expect to commission the pellet plant and our

cold rolling mill facility by FY21. We have recently won chrome ore blocks which will enable us to service our existing ferro chrome customers," Narendran said.

"Regional steel prices were down as steel demand was affected by weaker industrial output in key markets. However, Chinese apparent steel consumption remained steady and steel exports stabilised below 5 million tons a month. In Europe, the overall slowdown was more pronounced due to seasonal weakness and elevated levels of unfairly priced imports. Gross spot spread dropped sharply as benefit of softness in raw material prices was offset by steep decline in steel prices with hot rolled coil with (HRC) prices dropping below US\$ 470/t levels," Tata Steel said.

"However, steel prices are on an upward trend since November with inventory rationalization and increase in government spending. Market sentiments have improved as recent PMI manufacturing and bank credit growth data suggest pick-up in activity levels ahead," it said.

## Tata Steel reports ₹1,229cr net loss in Q3

**New Delhi:** Tata Steel on Friday reported a consolidated net loss of Rs 1,229 crore for the quarter ended on December 31, 2019, mainly due to lower sales and impairment provisions for its European operations. Tata Steel had posted a consolidated net profit of Rs 1,753 crore during the same quarter a year ago, the company said in a BSE filing.

Its gross sales fell to Rs 34,774 crore in October-December 2019 from Rs 38,086 crore in the year-ago period. Its expenses were at Rs 35,849 crore as compared to Rs 35,930 crore in the preceding fiscal.

The company said consolidated financial results included a provision for impairment in respect of non-current assets and restructuring provisions within European operations.

### LOWER SALES

"During the quarter, Nat-Steel Holdings, a wholly owned indirect subsidiary of the company, disposed of its entire stake in Nat Steel Vina. The loss on disposal of the subsidiary is included within profit/(loss) from discontinued operations," Tata Steel said.

The company said during the third quarter global economic growth further slowed down amid heightened concerns of US-China trade war and regional steel prices were down as steel demand was affected by weaker industrial output in key markets. In Europe, the overall slowdown was more pronounced due to seasonal weakness and elevated levels of unfairly priced imports.

Revenue from operations decreased to Rs 13,821 crore during the quarter under review due to decline in European steel prices. AGENCIES

## India Cements slips into red

TIMES NEWS NETWORK

**Chennai:** India Cements, south India's largest cement maker by volume, on Friday said poor demand coupled with weak prices pushed its quarterly performance for the period ended December 2019 into red. The company reported a net loss of Rs 5.4 crore as against a net profit of Rs 3.1 crore a year ago.

"Demand momentum of the first quarter did not sustain. We were caught under pressure of falling prices, weak demand and temptation to sell at low prices," said vice-chairman & MD N Srinivasan.

He said Andhra Pradesh has stopped all infrastructure projects after the new government came to power and there was a slowdown in infrastructure spending by the Telangana government. Tamil Nadu and Karnataka were flat and that impacted the company's performance.

## Falling steel prices push Tata Steel into loss

Overall slowdown hits European arm

SPECIAL CORRESPONDENT  
MUMBAI

Tata Steel reported a consolidated net loss of ₹1,229 crore for the third quarter compared to a profit of ₹1,753 crore a year earlier.

The loss was reported on an 8.6% fall in revenues to ₹35,520 crore on the back of a decline in steel prices.

Mr. T.V. Narendran, CEO and MD, Tata Steel, said, "Tata Steel delivered strong growth in volumes despite poor macroeconomic conditions in India as well as globally. In India, our business model helped us counter the slowdown as we successfully penetrated new markets and expanded our

customer universe. However, our European operations made a loss as it felt the brunt of the overall slowdown and the consequent shrinking of spreads."

Tata Steel's European revenue fell to ₹13,821 crore in the third quarter primarily due to a sharp decline in European steel prices. India revenue was at ₹21,299 crore.

Koushik Chatterjee, ED and CFO, said, "Economic conditions remained... challenging during the quarter which impacted the overall business performance. Tata Steel Europe reported a loss of ₹956 crore at EBITDA level primarily due to ₹75/t decline in realisations."



BUSINESS LINE DATE : 9/2/2020 P.N.3

## NMDC Q3 net profit declines 13% to ₹1,375 cr

### OUR BUREAU

Hyderabad, February 7

NMDC posted a lower profit of ₹1,375 crore for the third quarter ended December 2019, down 12.75 per cent from ₹1,576 crore it logged in the corresponding quarter of the previous year on consolidated basis.

The State-owned mining company registered lower income of ₹3,137 crore (₹3,786 crore).

The board of the company has declared interim dividend of ₹5.29 per equity share of ₹1 each for 2019-20.

Iron ore production and sales for the nine months of the financial year 2019-20 registered a growth of 1 per cent

and 3 per cent respectively.

The turnover of ₹8,512 crore for the nine months period marginally surpassed the turnover of the corresponding nine months of the previous fiscal at ₹8,509 crore, despite non-operation of Donimalai mines.

Profit before tax for the period was down 7 cent to ₹4,640 crore from ₹5,001 crore, while profit after tax registered a growth of 2 per cent at ₹3,259 crore over ₹3,188 crore.

N Baijendra Kumar, CMD, NMDC, said the company would not only surpass last year's performance but also exceed the targets set for the year.

## SAIL stake sale: Govt aims at ₹1k cr

**New Delhi:** The government plans to sell 5% stake in Steel Authority of India (SAIL) through an offer for sale (OFS), which could fetch the exchequer about Rs 1,000 crore, an official said. Officials from the department of investment and public asset management (DIPAM) and steel ministry are planning roadshows in Singapore and Hong Kong for the stake sale. However, the Hong Kong roadshow might be called off due to the coronavirus outbreak.

### OFS ROUTE

The government holds 75% stake in SAIL. It had last sold 5% stake in the company in December 2014. At the current market price, the government may raise about Rs 1,000 crore by selling 5% stake in the company. Shares of SAIL closed at Rs 49 apiece on Friday, down 0.5% on the BSE.

The government may look at completing the transaction in the current fiscal as it strives to achieve the Rs 65,000-crore disinvestment target set in the revised estimates. So far this fiscal, Rs 34,000 crore has been mopped up from CPSE stakes sale and the remaining Rs 31,000 crore has to come in by March-end. For 2020-21, the government has budgeted to collect Rs 1.2 lakh crore from CPSE stake sale. The government is also planning to sell 10% stake in Garden Reach Shipbuilders & Engineers (GRSE) through an OFS, out of its shareholding of 74.5%. AGENCIES

# Gold might consolidate going forward

April futures of gold oscillate between ₹40,000 and ₹41,300

AKHIL NALLAMUTHU

MCX COMDEX, the composite commodity index of the Multi Commodity Exchange (MCX), weakened last week, even as its largest component, crude oil, traded flat.

The decline was led by gold and silver, as both the precious metals faced downward pressure.

But towards the end of the week, the index recovered and closed at 3,798. Its previous weekly close was 3,833.

Since crude oil, gold and silver are trading in a sideways trend, there might not be much of volatility in the index.

## MCX-Crude (₹3,617)

The bearish trend in crude oil seems to have taken a pause and the February futures contract at the MCX was fluctuating in a tight range last week, between ₹3,551 and ₹3,724.

Thus, the contract could decline further if it breaches the

lower limit of the range. The daily Relative Strength Index (RSI) is in the over-sold levels and the Moving Average Convergence Divergence (MACD) indicator in the daily chart is exhibiting signs of the bears losing strength.

Hence, traders are advised to stay on the sidelines until either ₹3,551 or ₹3,724 is breached.

Considering that the major trend is negative, sell the contract with a tight stop-loss if it breaks below ₹3,551.

## MCX-Gold (₹40,644)

Gold faced selling pressure during the first half of last week and, as a result, the April futures contract of the yellow metal at the MCX declined to the crucial support at ₹40,000.

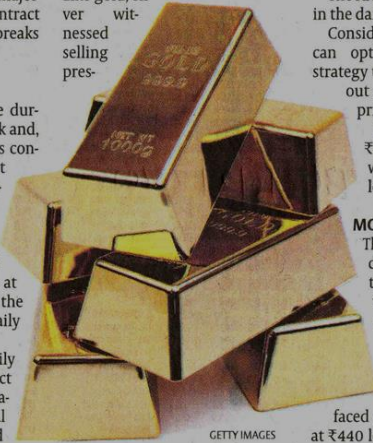
The contract, however, bounced back from that level and recouped some of its losses, closing the week at ₹40,644. The daily RSI and the MACD indicator in the daily chart stay flat.

The price action in the daily chart hints that the contract might head into a consolidation phase, with potential limits at ₹40,000 and

₹41,300. So, traders are recommended not to initiate new positions until either of these levels are broken. Above ₹40,000, the contract has a resistance at ₹42,000. On the downside, below ₹40,000, the support is at ₹39,430.

## MCX-Silver (₹46,106)

Like gold, silver witnessed selling pres-



GETTY IMAGES

sure during the first half of last week and then recovered towards the end of the week.

The March futures contract seems to be restricted between two key levels of ₹45,400 and ₹47,250. Until either of these levels are breached, the metal can be expected to be in a sideways trend.

The RSI and the MACD indicator in the daily chart remain flat.

Considering the above, traders can opt for a range-trading strategy until the contract moves out of the above-mentioned price band.

The resistance above ₹47,250 is at ₹48,100, whereas the support below ₹45,400 is at ₹44,615.

## MCX-Copper (₹430.9)

The price of copper recovered last week and so the February futures contract of the metal rallied and closed last week with a gain. The metal had closed in the red in the preceding two weeks. The contract faced considerable resistance at ₹440 levels, where it coincides

with the 21-day moving average. Hence, as long as the contract stays below ₹440, it will be bearish. The RSI and MACD indicator are in the bearish zone.

Traders can short the contract with a dynamic stop-loss. While the initial stop-loss can be placed at ₹442, move it downwards if the contract makes new lows with a gap of 1.5 times the daily average true range indicator.

On the downside, the supports are spotted at ₹426 and ₹421.

## NCDEX-Soyabean (₹4,050)

The March futures contract of soyabean at the National Commodities & Derivatives Exchange (NCDEX) broke out of a resistance at ₹4,100 during last week. However, the contract immediately gave away the gains as it faced a strong resistance at ₹4,200.

This indicates good selling interest as traders seem to be shorting the contract on rallies.

The contract has a support band between ₹3,970 and ₹4,000.

Traders are advised to initiate fresh short positions only if the contract breaks below ₹3,970.

For such short positions, the stop-loss can be at ₹4,100.

## MCX Gold

Supports:  
₹40,000/39,430  
Resistances:  
₹41,300/42,000

## MCX Silver

Supports:  
₹45,400/44,615  
Resistances:  
₹47,250/48,100

# MCX-Lead contract could weaken further

## COMMODITY CALL

AKHIL NALLAMUTHU

BL Research Bureau

The spot price of Lead on the Multi Commodity Exchange of India slipped below the support at ₹152 in the past week. After making a low of ₹150.4, it closed the week at ₹151.1, hinting a bearish bias.

Following the trend of spot price, the February futures

contract of Lead Mini declined and closed with a loss. Thus, the futures has closed in the red for the third consecutive week indicating that the bear trend is in momentum. Thus, the contract, which has been in a downtrend since last November, could further weaken from current levels.

Corroborating the bearish outlook, the MACD indicator on the daily chart continues to trade in the negative zone.

However, the daily RSI is in the over-sold level, which calls for caution.

On the back of the major downtrend, if the price of contract drops, it could head southwards to ₹140. On the other hand, if the contract reverses the trend, it will face its first hurdle at ₹146.8 and above that level, ₹149 can act as an hindrance. The 21-day moving average (DMA) which coincides at that level make it

a significant resistance. So, for the rally to establish a sustainable one, the contract should breach ₹149.

On the global front, the three-month rolling forward contract of Lead on the LME has been consolidating between \$1,800 and \$1,890. However, the overall trend is bearish and the price remains below both 21- and 50-DMA's. If the bears gain traction and the contract breaches the sup-

port at \$1,800, it could decline to \$1,752.

## Trading strategy

The metal has been witnessing selling pressure for the past three months and the futures contract on the MCX has slipped below the support at ₹144.5. Given the scenario, traders can initiate fresh short positions on rallies in MCX-Lead Mini. Stop-loss can be placed at ₹148.



BUSINESS LINE DATE : 11/2/2020 P.N.11

## Zinc at 3-year low

REUTERS

London, February 10

Zinc prices lurched on Monday to the lowest since July 2016 after a surge in inventories and due to worries about demand in China as cases of the coronavirus climb.

Zinc stocks in warehouses certified by the London Metal Exchange hit the lowest in nearly three decades last week, but analysts said this was deceptive since there was a lot of metal being held in other depots.

Annual contract negotiations had constrained metal flows but those have now been concluded, said Oliver Nugent, an analyst at Citigroup in London.

Three-month LME zinc slid to \$2,126 a tonne, the lowest since July 8, 2016, and was down 0.8 per cent at \$2,129 by 11:15 GMT.

Copper rose 0.3 per cent to \$5,678.50 a tonne, but Nugent expects more losses.

Aluminium fell 1.1 per cent to \$1,707 a tonne.

## Steel Cos May Have to Pay More for Ore as Mines Get Costly

Bids for seven iron ore mines in Odisha were 90-135% higher

Rakhi.Mazumdar  
@timesgroup.com



FILE PHOTO

**Kolkata:** Iron ore auctions are set to raise the cost of mining in eastern India, with premiums ranging between 90% and 135% for the seven mines bid for in Odisha till date. This is likely to erode margins of non-integrated steel players who do not have captive ore, said a new report by ICI-CSI Securities.

However, it said, JSW Steel, which has been more aggressive in the auctions than the likes of Tata Steel and ArcelorMittal and has bagged four mines, is expected to be better off after the upcoming auction. It also said that the difference between domestic and imported ore prices will come down after the auction.

"JSW Steel has decided to secure major part of their existing steel portfolio with Odisha ore and thereby inadvertently add to the existing cost structure. But, still given the scenario that we

see unfolding, JSW Steel will be better off compared to an unintegrated steel player in India," said the report.

JSW Steel has won Nuagaon, Narayanposhi, Ganua and Jajangmines.

"We have participated in the Odisha iron ore auctions to ensure raw material supplies. However, we would not like to make any comment at this stage, since we are yet to receive any official communication from the authorities," a JSW Steel spokesperson told ET.

Tata Steel, Steel Authority of India and JSPL have not been bidding aggressively. Even Arcelor Mittal has been relatively measured. While both the state and the Centre have been proactive in changing the norms of the auction whenever necessary, the last roadblocks need to be cleared, according to ICICI Securities.

# SAIL not to shut down three loss-making units: Chairman

KOLKATA, Feb 10 (PTI)

STATE-OWNED Steel Authority of India Ltd (SAIL) will not close down three of its loss-making speciality steel plants if the company does not find buyers for these units, its chairman Anil Kumar Chaudhary said.

Earlier, the Centre had approved outright sale of Alloy Steels Plant (ASP) in West Bengal, Salem Steel Plant (SSP) in Tamil Nadu and Visvesvaraya Iron and Steel Plant (VISP) in Karnataka, as accumulated loss in these units was over Rs 370 crore in the last fiscal. In July last year, the Department of Investment and Public Asset Management (DIPAM) had invited bids for 100 per cent stake sale in the three units of SAIL. However, the last date for submission of express of



Anil Kumar Chaudhary

interests was extended thrice.

"Process of divestment is on. We will not close down these special units," SAIL Chairman Anil Kumar Chaudhary told PTI, when asked whether the company will consider shutting down of these plants, if the steel maker does not find suitable buyers for them.

Three units are functioning as per demand but operating below their optimal capacities, SAIL officials said, adding that the combined manpower in these facilities is around 1,972.

"The bids received are under

evaluation by the transaction advisor-SBI Capital Markets Ltd," the company said. In 2012, SAIL had formed a joint venture with Japan's Kobe Steel for producing iron nuggets at ASP in Durgapur, but the project did not move as was desired.

Secondary steel users wondered why the public sector company has planned to sell its three units, when the Centre has been gearing up for "Mission Purvodaya" which aims at accelerated development of eastern India through integrated steel hub. SAIL claimed it as a visionary step to spur growth and development in the region.

The eastern belt has the potential to add more than 75 per cent of the country's incremental steel capacity envisioned by the National Steel Policy.



# Centre to support SCCL expansion plans

Coal Secretary wants SCCL to meet fuel needs in South

SPECIAL CORRESPONDENT  
HYDERABAD

Coal Secretary Anil Kumar Jain has assured the Ministry's cooperation in the expansion plans of Singareni Collieries Company Ltd (SCCL), including allotting coal blocks in other States, so that the company could take lead in meeting the coal needs of Southern States.

Mr. Jain along with Director of Coal Department Mukesh Choudhary visited Hyderabad on Tuesday and had a meeting with the executives of Singareni. He complimented the efforts of SCCL for diversifying its business into thermal and solar power generation.

The Coal Ministry would extend its cooperation to SCCL to reach the target of 100 million tonnes of coal production per annum in



Coal Secretary Anil Kumar Jain in meeting with the executives of Singareni Collieries in Hyderabad on Tuesday.

■ BY ARRANGEMENT

the next five years by allotting new coal blocks. He commended the progress of the company during the last five years, including construction of rail lines in the mining areas for the movement of coal.

Earlier, Chairman and Managing Director of SCCL N. Sridhar gave a power point presentation on the progress of the company during the

last five years.

## Solar power

He explained that the company had established a 1,200 MW thermal power plant and was in the process of setting up 300 MW solar power plants.

Outlining the company's plans for taking up coal production in the Naini and New Patrapada coal blocks allot-

ted to it in Odisha, Mr. Sridhar stated that they were planning to commence coal production in Naini by March 2021 with 5 lakh tonnes per annum target initially.

## Additional blocks

To meet the growing needs of the fossil fuel in the country, Singareni had set a target of increasing the production to 100 million tonnes a year by 2025, he stated and requested the Coal Secretary to allot more blocks in other States to the company.

Director of Singareni S. Chandrasekhar, S. Shankar, B. Bhaskar Rao and N. Balaram, advisors D.N. Prasad, K. Surendra Pandey, Executive Director J. Allwyn, General Manager Anthony Raja attended the meeting with the Coal Secretary.

# Coal India will exceed last year's production, says top official

■ Business Bureau

DESPITE coal production being hampered at Dipka mines due to prolonged rains, Coal India Ltd will exceed last year's production figures, a top coal ministry official said here on Tuesday.

In 2018-19, Coal India produced 606.89 million tonnes (MT), while dispatch was at 608.14 MT. "Coal India's production was nearly minus 8 per cent till October. So in the last few months the coal production has caught up. Now it has just minus 3.5 per cent. And it will go on to be plus at the end of the year. It is going to be healthy percentage over last year's (figures)," Secretary of Coal Ministry, Anil Kumar Jain told PTI on the sidelines of Energise 2020 a biennial conclave.

CIL, which accounts for over 80 per cent of the domestic production, saw its output decline by six per cent to 241 MT in April-September on account of monsoon. "In fact it would be the high-



est ever in the country," Jain added. Replying to a query on the spinning of Coal India Ltd subsidiaries into five entities, Jain said though there were some discussions held earlier in that direction, there is no fresh development. "At the moment that is the decision (Coal India remains as it is)," he said.

On the overall coal scenario in the country, the official said the production this year will exceed that of last year, though there was some impact due to rains, by the end of the current fiscal it will be covered up. "So we will be exceeding the last year production numbers with a healthy surplus. There

has been a setback because one of the largest mines and the largest mine in Asia Deepika that has been flooded. So that has impacted the production. But the coal scenario is very healthy in the country. Stocks at the power plants and mines are much higher than the same period last year," he explained.

In September, a non-perennial, seasonal river Lilagarh breached its embankment and flooded the lower benches of Dipka opencast mine of SECL (South Eastern Coalfields), one of the largest open cast mines of CIL with a production capacity of 35 MT per annum.



## MCX-Nickel moves in a sideways trend

### COMMODITY CALL

**AKHIL NALLAMUTHU**

BL Research Bureau

The spot price of Nickel on the MCX continues to take a sideways path as it consolidates in the band between ₹930 and ₹970. Unless the contract breaches either of the limits of this range, the next leg of trend cannot be confirmed. However, the trend prior to the consolidation has been bearish and this could have an effect on the commodity price going forward.

The price of February futures contract of Nickel, similar to the spot price, has been oscillating in a sideways trend between ₹930 and ₹967. Though the RSI and the MACD indicator on the daily chart remains in their respective bearish territory, the recent movement indicates a loss of momentum for the bears. Thus, a prolonged consolidation at current levels might

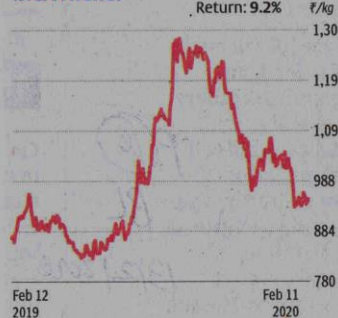
result in trend reversal.

On the upside, the contract has a considerable hurdle at ₹967, where the upper limit of the range is coincided by the 21-day moving

average. In case the contract breaks out of DMA level, it can rally to the critical resistance at ₹1,000. This level is coincided by 61.8 per cent Fibonacci retracement level of prior downtrend. On the other hand, if the contract weakens and slips below ₹930, it might decline to ₹900. A break below that level can drag the contract price to ₹870.

On the global front, the price of three-month rolling forward contract of Nickel on

#### MCX Nickel



the LME consolidates in the range between \$12,500 and \$13,365. But the major trend remains bearish. While support below

\$12,500 is at \$12,000, resistance above \$13,365 is at \$13,740.

#### Trading strategy

Though major trend remains bearish, the price of nickel has been consolidating for the past two weeks. Taking this into account, traders can initiate fresh short positions in MCX-Nickel futures only if price breaks below ₹930 decisively. Stop-loss can be placed at ₹975.

## Coal Ministry to back Singareni's expansion plans

Will consider request for coal blocks

**VRISHI KUMAR**

Hyderabad, February 12

Union Coal Secretary Anil Kumar Jain praised Singareni Collieries Company Ltd for meeting the coal needs of the country and diversifying into solar and thermal power.

He assured necessary support to the company's expansion plans, including allocation of coal blocks for other States.

"Progress achieved by Singareni in the last five years, latest coal transport systems and quality control systems of Singareni stand



N Sridhar, CMD, Singareni Collieries

out. Having their own railway lines for coal transport is praiseworthy," he said.

While assuring to extend support to Singareni in its growth and diversification plans, the Secretary added that Singareni was playing a critical role in meeting the

coal requirements in South India. The Ministry would consider its request to allot coal blocks for other States. During a meeting at Singareni Bhavan, Singareni Chairman and Managing Director N Sridhar explained the progress made by the mining company to expand and diversify.

#### Meeting coal needs

Earlier, Sridhar detailed the growth achieved by Singareni after the formation of the Telangana State and how it was among the few coal companies that managed to continuously meet the coal requirements of the country's thermal power sector and supplying

coal to the 1,200 MW thermal plant owned by Singareni.

Sridhar explained that it was in the process of setting up a 300 MW solar plants as a part of its commitment to renewable energy.

He said arrangements are on for producing coal from the Naini and New Patrapada blocks in Odisha; plans are on to produce 5 lakh tonnes of coal from Naini block by March 2021.

Keeping in view the growing requirement of coal in the country, Singareni Collieries has targeted a production of 100 million tonnes of coal by 2025. Sridhar requested the Coal Ministry to allocate more coal blocks for other States.

## Hindalco's net slips 24% on lower aluminium, copper prices

OUR BUREAU

Mumbai, February 12

Hindalco Industries, an Aditya Birla group company, has reported that its December quarter consolidated net profit was down 24 per cent to ₹1,062 crore against ₹1,394 crore logged in the same period the previous year on the back of lower aluminium and copper prices.

Revenue was down 12 per cent at ₹29,197 crore (₹33,213 crore). EBITDA dipped 10 per cent to ₹3,676 crore (₹4,080 crore).

Satish Pai, Managing Director, Hindalco Industries, said domestic aluminium demand was the lowest ever in the December quarter and had fallen five per cent year-to-date this fiscal.

However, he said green shoots were quite visible from December on the back of a pick up in demand from power projects, and the March quarter was expected to be much better. Though demand in the first three quarters of this fiscal was down four per cent, the industry may register a flattish growth this fiscal.

LME aluminium prices have already been impacted by the coronavirus and have fallen to \$1,720 a tonne from \$1,800 logged before the virus attack. The recovery in prices would depend on how fast production in China recovers, he said.

Hindalco plans to invest ₹2,000 crore next fiscal largely on downstream projects and ₹800 crore on annual maintenance. The company has spent ₹1,400 crore in capex so far this fiscal and plans to invest another ₹400 crore in the March quarter.

THE INDIAN EXPRESS

DATE : 13/2/2020 P.N.16

## Hindalco standalone net profit falls 64%

*Mumbai:* Hindalco Industries on Wednesday reported a sharp 64 per cent year-on-year (y-o-y) drop in standalone net profit to Rs 262 crore for the October-December quarter of 2019 as domestic market for aluminium contracted 14 per cent y-o-y.

The revenue for standalone business (including aluminium plus copper operations) got impacted by lower LME (London Metals Exchange) prices. The revenue from operations fell 14.3 per cent y-o-y to Rs 10,254 crore due to a drop in global aluminium prices by 11 per cent y-o-y to \$1,754 per tonne. Hindalco produced 6,62,000 tonne of alumina and 3,30,000 tonne of aluminium in the December quarter. **FE**



**ADITYA BIRLA** flagship co's profit dips 24% in Q3 on fall in aluminium prices; lower copper volumes also hurt

# Novelis Props Up Hindalco, But Domestic Biz Key for Stock Rally

Bhavya Dilipkumar, Jwalit Vyas & Nehal Challawala

**Mumbai:** Hindalco reported a 24% decline in its consolidated net profit in the third quarter ending December 2019, but a better-than-expected performance by aluminium converter Novelis cushioned the fall at Aditya Birla Group's flagship metals business that now generates two-thirds of its sales and profits beyond home. Hindalco reported a consolidated net profit of ₹1,062 crore for the quarter, compared with ₹1,394 crore during the same period last year. Consolidated revenue declined 12% to ₹29,197 crore from ₹33,213 crore.

Excluding Novelis, Hindalco's Ebitda fell 30% on year, but consolidated Ebitda was down only 10%, against expectations of a 13-15% decline. Incidentally, Novelis' Ebitda climbed 6.5% on year, marking the 18<sup>th</sup> consecutive profitability growth quarter for the company. Its December quarter earnings expanded 31%, while sales of the two main product categories — beverage cans and automotive body sheets — rose 4% and 3%, respectively, despite tepid global demand.

In the near to medium term, Novelis should continue to limit any downside to the stock, but Hindal-

## A Report Card

Hindalco's december quarter consolidated financial performance (in ₹ cr)

	Dec FY20	YoY chg	QoQ chg
Revenue Operations	29,197	-12.1%	-2%
<b>Segmentwise EBITDA Break-up</b>			
Novelis*	2,446	5.2%	-7%
Aluminium	1036	-17.3%	29%
Copper	256	-47.8%	-16%
Other seg	-6	-	-
Unallocable	-56	-	-
Total EBITDA	3,676	-9.9%	-6%
PAT	1,062	-23.8%	9%

\*Novelis growth figures are different in USD and INR

Cost of production in aluminum has fallen 5% due to coal linkages received in 2019, said MD

co's domestic aluminium business is crucial to ensure a revival in its stock price. On a standalone basis, the company reported a 64% drop in profit to ₹262 crore, while revenue was down 14% to ₹9,977 crore, with lower aluminium prices globally denting profitability.

"The London Metal Exchange was down 15%-16% over last year, and 90% of the decline in profit can be attributed to lower LME (London Metal Exchange) prices. In aluminium, it was purely due to (declining) LME while in copper, it was due to lower volumes because we had pro-

duction issues," Hindalco managing director Satish Pai told ET.

The cost of production in aluminium has fallen 5% due to the coal linkages received in 2019, Pai said. He also said that the cost of production will further come down by 2% for the upcoming quarter.

Profit in the copper vertical declined 48% on-year, with Hindalco taking an unplanned shutdown in a weak market. "The demand for aluminium in Q3 was the lowest we have seen; it went down 14% YoY. Aluminium grows 7% YoY. Even copper demand grew by only 2%," said Pai.

# Accused in mining and forest cases, Ballari baron made Karnataka Forest & Environment Minister

JOHNSON T A  
BENGALURU, FEBRUARY 12

ACCUSED OF illegal mining and forest crimes in 15 cases pending against him since 2012, Anand Singh, a four-time MLA from the iron ore rich Ballari district of Karnataka with business interests in mining and transportation, has been appointed



15 cases are pending against Anand Singh

the new minister for forest, environment and ecology in the six-month-old BJP government in the state led by B S

Yediyurappa.

Singh (53) was made minister of food and civil supplies on Monday, but was given the forest, ecology and environment ministry a day later, after he demanded a change in portfolio, despite the charges of illegal mining and violation of forest laws pending against him from the BJP's previous tenure (2008-13).

"The Vijayanagara MLA was unhappy with food and civil supplies. He was demanding the energy portfolio and was given the forest portfolio as a compromise," said BJP sources.

Singh, a party-hopping legislator, was elected on a BJP ticket from Vijayanagara seat in Ballari in December 2019, after he defected from the Congress along

CONTINUED ON PAGE 2

CONTD...ON PAGE 28



## Anand Singh

with 14 others to enable Yediyurappa to wrest power.

According to sources, Singh got the forest portfolio since his demand for division of Ballari district into two separate districts has not been cleared by Yediyurappa.

Singh, a mining baron who declared assets of Rs 173 crore during the December 2019 by-polls, is facing trial in three CBI cases. He and other members of an alleged illegal mining syndicate, which reportedly operated under the leadership of former BJP minister Gali Janardhan Reddy, are accused of causing losses of over Rs 200 crore to the exchequer through illegal mining and exports done by plundering forest land in Ballari.

He has been accused of criminal conspiracy, theft, criminal breach of trust, cheating and dishonesty, criminal trespass and forgery. The matter is under trial before a special court in Bengaluru, with a hearing posted for February 26.

In one of the three cases, a former deputy conservator of forests, a conservator of forests and a deputy director of the department of mines and geology in Ballari have been accused of conspiring, between January 1, 2009 and May 31, 2010, with Janardhan Reddy — the then Ballari district in-charge minister — and a cabal of mining businessmen "to illegally excavate huge quantities of iron ore" and of trading the iron ore "without any valid permits" causing "wrongful loss of Rs 198 crores to the exchequer of the state" and gains for themselves.

Singh was arrested by the CBI in 2013 and later released on bail.

A total of 15 criminal cases are pending against Singh from 2008-2013, when the BJP was in power in Karnataka, all pertaining to crimes related to stealing of iron ore without licences and permits from legal and illegal mines in Ballari. He had declared these cases in his poll affidavit last year.

Eleven of these cases are being prosecuted by a Special Investigation Team of the Karnataka Lokayukta, where Singh is accused of criminal conspiracy, theft, criminal breach of trust, cheating and dishonesty, and transport or movement of forest produce without permits and licences. Singh has challenged these cases in the Karnataka High Court.

Singh was arrested by the SIT in 2015 and was later released on

bail. Incidentally, one of the miners accused with Singh in a case being prosecuted by the SIT, Dinesh Singhi, was recently appointed by the Karnataka government as a member of the state wildlife board.

One case pending against Singh was registered by the range forest officer for Hospet region of Ballari in 2013, who accused the mining baron of committing acts prohibited in reserved forests, altering boundary marks and other charges under the Karnataka Forest Act. "The appointment of Anand Singh as the forest minister is a glaring violation by Yediyurappa of a Supreme Court directive not to appoint as ministers persons facing trial in cases where a chargesheet has been filed and the judiciary has taken cognizance," said social activist S R Hiremath, whose organisation Samaj Parivartana Samudaya took the issue of illegal mining in Ballari to the SC in 2012.

"The war that the BJP declared in 2014 on corruption and black-money sounds hollow with such an appointment," Hiremath said. "Yediyurappa, who was also accused of facilitating illegal mining

at the time, should have known better," he said.

A senior worker of a prominent party said all parties in the state had lost the moral authority to question Singh's appointment since they had all dallied with him, despite the pendency of cases against him. In January 2018, Singh, who was elected as an Independent MLA in 2013 from Vijayanagara seat after the illegal mining fiasco of 2008-2013, was inducted into the Congress at a function in Hospet attended by then chief minister Siddaramaiah and then Congress president Rahul Gandhi. Earlier, when the BJP was in power (2008-13), Singh was a BJP MLA.



# SCCL in race against time

With just 47 days left, it has to achieve the set target of 70 million tonnes

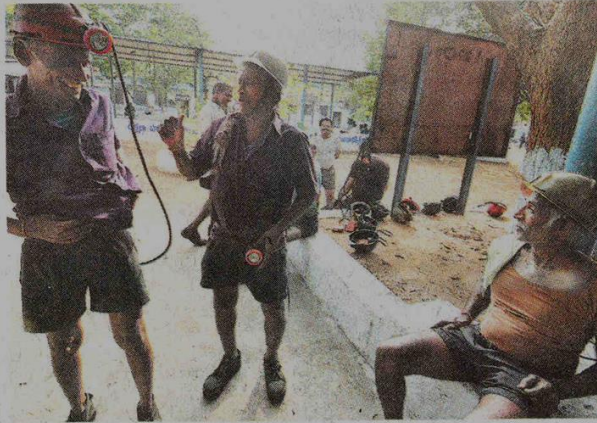
P SRIDHAR  
BHADRADRI-KOTHAGUDEM

With just 47 days left in the present financial year, the Singareni Collieries Company Limited (SCCL) has redoubled its efforts with a thrust on mechanisation push to bolster coal production for achieving the set overall annual production target of 70 million tonnes in 2019-2020 fiscal year.

The SCCL management has set an ambitious annual production target of 95 lakh tonnes for Manuguru Area encompassing four coal mines including three open-cast projects (PK OC II, PK OC IV and Manuguru OCP) and Kondapuram underground mine.

## Measures

The Manuguru Area has produced around 83 lakh tonnes of coal till date this



Miners having a chat before going into the mines at Srirampur UG mines of SCCL in Mancherial district. ■ FILE PHOTO

fiscal year, sources said.

In an effort to ramp up coal production in the Open-cast Projects (OCPs), the company has recently pressed into service as many as 10 new Komatsu dumpers of 100 tonnes capacity each at an estimated cost of Rs 37

crore in Manuguru Area to accelerate overburden removal and disposal in the OCPs. The company has already deployed heavy duty equipment such as hydraulic shovels in its OCPs.

As part of its technology driven initiatives to extract

coal from deeper depths in underground mines, the company has deployed a continuous miner in the Kondapuram underground mine at the fag end of last year.

## Mechanisation

Adoption of new technologies and greater focus on mechanisation push have immensely helped in ramping up coal output from both the OCPs and the underground projects of the SCCL in the past couple of years, said SCCL's Manuguru Area General Manager Ramesh.

The Manuguru area has already clocked coal output of 83 lakh tonnes so far this fiscal year, he noted, exuding confidence that the set annual production target will be reached before the stipulated time-frame of March 31, 2020.



# Recharging groundwater only solution to curb fluorosis: Expert

Chaitanya.Deshpande  
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**Nagpur:** Exposure to high concentrations of fluoride through drinking water is the reason for incidence of fluorosis in Vidarbha. It is made worse because we are drawing groundwater from greater depths that has higher fluoride content.

Terming defluorination techniques such as Reverse Osmosis (RO) as temporary fixes, Deepak Malpe, who has been heading research on fluoride for two decades, emphasized that recharging groundwater sources with rainwater was the only affordable and long term solution.

"Water coming from dug wells in Vidarbha has fluoride content anywhere between 0.08 and 7.7 mg/litre. Borewell water has 0.13 to 19 mg/litre fluoride which was way

## FLUORIDE DANGER

► Fluoride in drinking water up to 0.6 mg/lit is good and it protects from tooth decay

► Excessive fluoride results in fluorosis

► WHO says fluoride up to 1.5mg/litre in drinking water can be tolerated

► In Vidarbha, scientists say it should be less than 0.7mg/litre



CS Gundewar, Controller Gen (Retd.), IBM & president of IIME, felicitating Deepak B

► This is because water consumption here is more due to hotter weather conditions

higher than permissible limit of 0.7 mg/litre. If we recharged borewells with fresh rainwater, fluoride-level can be decreased effectively," Malpe said. Expensive and complex techniques like RO, activated alumina, and Nalgonda techniques were temporary solutions and not suitable for rural areas, he said.

Malpe heads Post Graduate Department of Geology

at RTM Nagpur University. He delivered Shivani Ghosh memorial lecture organized by Indian Institute of Mineral Engineers (IIME) at Indian Bureau of Mines (IBM) on Wednesday. CS Gundewar, controller general (retd.), IBM, and president of IIME, Nagpur chapter, presided over the function. Indira Ravindran, controller general of IBM and G Vidya Sagar,

additional director general and HOD of Central Region Geological Survey of India, were special guests.

Malpe presented alarming facts from his study that covered seven most affected tehsils of Yavatmal and Chandrapur districts.

"Over the years, rural population too has become highly dependent on groundwater. Tooth and bone decay are known forms of fluorosis, but it also affects renal, reproductive, neurological, endocrine, and development systems. Non-skeletal fluorosis can be carcinogenic and may cause cancer," he said.

Those living in cities and getting drinking water from borewells should eat calcium-rich food, Malpe stated, adding that they too should install rainwater harvesting systems to recharge borewells at the earliest.

## Trend remains bearish for MCX-Zinc

### COMMODITY CALL

AKHIL NALLAMUTHU

BL Research Bureau

The spot price of Zinc on the Multi Commodity Exchange of India (MCX) continued to trend lower in the past week; it had breached an important support at ₹175. The outlook remains bearish as indicated by the price action of the metal.

The February mini futures contract of Zinc on the MCX, like the spot price, weakened during the past week. It declined below its prior low of ₹170.15 and the price action on the daily chart hints at further weakening. Corroborating the bearish outlook, the Moving Average Convergence Divergence (MACD) indicator on the daily chart exhibits

considerable downward momentum as it extends further into the bearish zone. But the daily Relative Strength Index (RSI), though remaining below the mid-point level of 50, is now ruling flat. Notably, it is hovering near the over-sold levels.

Since the major trend is bearish, the futures contract will most likely witness sell-off from current levels and the price could drop to ₹165 in the coming days. If that level is breached, it can even slump to ₹160 in the near term. On the other hand, if the metal manages to reverse the trend in its favour, it will face a minor hurdle at ₹174.4, above which resistance will be seen at ₹180, which coincides with the 50-day moving average.

On the global front, the three-month rolling forward

contract of Zinc on the London Metal Exchange (LME) declined last week. It registered a fresh multi-year low of \$2,117 on Monday and the outlook remains weak. The metal will be subject to considerable selling pressure until the price stays below \$2,200.

### Trading strategy

The futures contract on the MCX continues to exhibit weakness and the forward contract on the LME is likely to register new lows. Thus, the outlook remains bearish for the metal. Hence, traders can initiate fresh short positions in MCX-Zinc mini contracts on rallies. Place stop-loss at ₹176.

*Note: The recommendations are based on technical analysis. There is a risk of loss in trading.*

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