



खनिज समाचार

KHANIJ SAMACHAR

Vol. 2, No-3

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खनिज समाचार

KHANIJ SAMACHAR



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INDIAN BUREAU OF MINES

VOL. 2, NO-3, 1st–15th FEBRUARY, 2018

GLOBAL	Change in %			52-Week	
	Price	Weekly	Monthly	Yearly	High Low
Metals (\$/tonne)					
Aluminium	2121	-4.0	-0.6	15.6	2257 1839
Copper	6712	-4.2	-4.9	15.5	7216 5462
Iron Ore	74	2.9	1.7	-11.5	95 54
Lead	2536	-6.2	-0.7	8.5	2683 2030
Zinc	3412	-3.9	1.8	20.5	3610 2434
Tin	21125	-2.6	5.8	10.9	22104 18867
Nickel	12933	-3.5	2.3	26.4	13886 8710

KARNATAKA

BJP MLA accused of illegal mining joins Cong

JOHNSON T A

BENGALURU, JANUARY 31

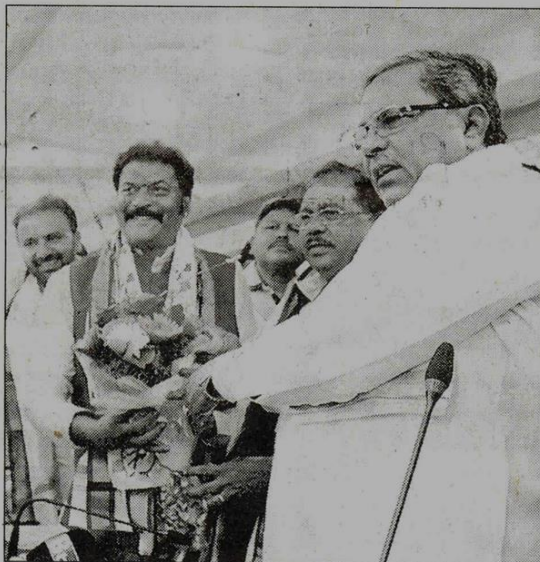
ANAND SINGH (52), a BJP MLA from the iron ore-rich Bellary region who is accused in several cases of illegal mining by the CBI and the Karnataka Lokayukta SIT, was inducted into the Congress on Wednesday on the basis of his popularity in Hospet (Vijayanagar) Assembly constituency from where he has been elected twice in a row.

Singh, a transport and mining businessman who joined the BJP in 2008 at the behest of the party's former Bellary strongman G Janardhan Reddy, was inducted into the Congress in the presence of Chief Minister Siddaramaiah and state party president G Parameshwara.

Singh's induction despite opposition from factions within the Congress is seen as part of the party's efforts to use his financial and popular clout to maximise the party's chances of winning nine seats in the Bellary region.

"I will work towards winning all the nine seats in the district," Singh said, blaming recent internal bickering and his sidelining within the BJP as the reason for his exit. Siddaramaiah said Singh was joining the Congress as a believer in its secular principles.

There was speculation about Singh moving away from the saffron party in November last year when he participated in Tipu Jayanti celebrations in Hospet,



Anand Singh with Karnataka CM Siddaramaiah in Bengaluru on Wednesday. *Twitter*

despite opposition from the BJP.

Efforts to bring Singh into the Congress were initiated by politician and Bellary mining businessman Santhosh Lad who is the labour minister in the Congress government.

Lad has been a key supporter of Siddaramaiah since 2013.

"We do not know what kind of message this will send out to voters since the Congress opposed illegal mining to come to power. There is no doubt, how-

ever, that Singh enjoys massive support in his constituency and is a strong candidate. In the end the Congress should benefit in Bellary, rather than lose ground on account of this move," a senior Congress leader said.

The BJP's Hospet unit joined the Congress along with Singh. Many Congress leaders in the Bellary unit are opposed to the induction, Congress leaders said.

"Differences among party leaders over induction of a new-

DECISION 2018

KARNATAKA

person and fielding him on a party ticket is commonplace. The leaders will work to iron out differences," Lad said.

Singh was picked up by the Congress following fears that he could return to the Janata Dal (Secular), with which he was earlier associated, because of his dissatisfaction with the BJP, Congress sources said.

Singh is one of the wealthiest politicians in Karnataka. He declared a total wealth of Rs 104.53 crore ahead of the Karnataka Assembly polls in 2013 and declared Rs 95.90 crore when he became a BJP MLA in 2008. He enjoys immense popularity in Hospet on account of his philanthropic activities — setting up schools and hospitals for the poor.

Singh was considered an integral part of a mining mafia run in Bellary district by former BJP minister G Janardhan Reddy and his associates during 2008-2011. He is currently out on bail in the cases.

Former BJP MLA from Kudligi B Nagendra, who is accused of illegal mining and exports, is also expected to join the Congress.

Cement sector remains weak; 2% growth expected in FY'18: Icra

NEW DELHI, Jan 31 (PTI)

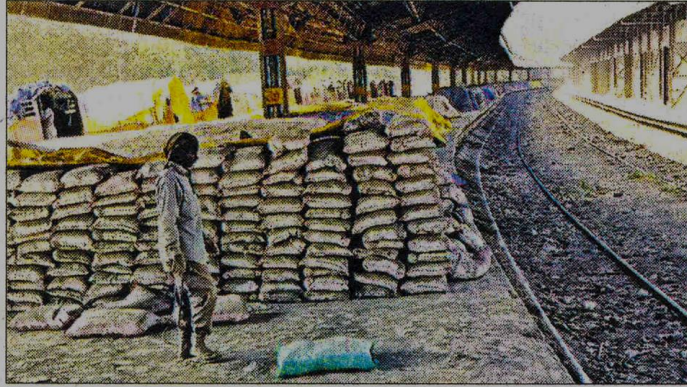
THE cement industry, which is witnessing a slow demand, continued to remain weak in the ongoing fiscal so far and is expected to have only 2 per cent growth in 2017-18, rating agency Icra said. This was led by several factors including weak real-estate activity, sand shortage and issues related to implementation of GST, among others, it added.

According to Icra, the cement offtake in November 2017 had a marginal increase of 0.5 per cent month-on-month at 24.1 million metric tonne (MMT).

"Based on the current trend, cement demand is likely to report a modest growth of around 2 per cent in 2017-18," said the report.

Though cement demand registered year-on-year growth of 17.3 per cent in November 2017, this was primarily due to the base effect arising out of low production of 20.5 MMT in November 2016, the month in which demonetisation was announced.

During April-November, cement production witnessed a marginal growth of 0.6 per cent



at 190.0 MMT as against 188.8 MMT in the corresponding period. "Production declined 3.3 per cent in June quarter and by 0.4 per cent in September quarter year-on-year. During the first quarter, demand was adversely impacted due to various local issues across regions," it added.

In north, especially in Uttar Pradesh and Punjab, offtake was impacted by sand shortage and labour unavailability, while in the west, the implementation of the Real Estate Regulatory Authority (RERA) Bill resulted in slowing down of the construction activity.

In south, Tamil Nadu and Kerala were worst hit as demand was affected due to sand shortage, drought (impacting rural offtake) and weak housing activity.

"A pick-up in the affordable and rural-housing segments and infrastructure – primarily road and irrigation projects – is likely to help improve the cement demand growth to 4-5 per cent in 2018-19," ICRA Ratings Senior Vice-President and Group Head Sabyasachi Majumdar said.

However, he also added that the project announcements from the private sector continued to remain weak.

Bhushan Steel Promoter Sends SOS to Lenders to Hold on to Co

Open to offering 50% equity to banks, post of chairman to representative: Singhal

Arijit.Barmen@timesgroup.com

Mumbai: In a desperate bid to salvage his company from going under the hammer next week, Neeraj Singhal, promoter and vice chairman of Bhushan Steel Limited, has written to all lenders to consider restructuring the ₹44,000 crore debt under the Sustainable Structuring of Stressed Assets (S4A) mechanism by dividing the debt into sustainable and unsustainable parts with no haircut whatsoever even at this stage.

The letter, written on January 29, alleges that the company was wrongly dragged into IBC under the National Company Law Tribunal despite its debt restructuring mechanism under S4A was on the last lap. ET has reviewed the letter.

The lenders had undertaken a series of due diligence exercises and forensic studies by agencies as diverse as MN Dastur (TEV Study), Deloitte (4 years forensic audit) "and found no malfeasance on promoters and the company". The Deloitte report, according to the Bhushan management, was further vetted and confirmed by the lender's legal counsel Sharadul Amarchand Mangaldas in the steering committee meetings held in December 2016 and further accepted by the joint lenders forum in a meeting dated December 5, 2016.

The proposal to restructure apparently had the blessings of most lenders. "As late as 15.06.2007, SBI called for a JLF for adoption of S4A as the debt resolution plan by JLF," Singhal wrote, adding, RBI on June 13, 2016, directed for initiation of bankruptcy proceedings against the company. "It appears the above facts and status of the debt resolution plan was not noted by the RBI including the name of company in list of first 12 accounts for initiating insolvency proceedings."

Bhushan Steel — one of the largest non-performing assets in the Indian banking system — was taken to the NCLT after it failed to repay banks.

Singhal argues that barring Ta-

ta Steel and JSW, most steel mills have been under stress, so it is not a "promoter/company problem". More importantly, in case of debt restructuring under the S4A scheme, there is virtually no loss to lenders unlike the bankruptcy proceedings under IBC where banks are being forced to sell companies at huge haircuts.

According to the earlier restructuring proposal, more than half the debt was sustainable and proposed to be serviced along with interest. Also, there would be no principal loss at all, as the balance unsustainable portion of the debt was to be repaid by converting it into a long dated instrument. The interest loss on the unsustainable debt was to be compensated by way of 50% of promoter's equity transferred to the lenders "on which huge equity upside would have covered the interest loss and additionally the promoters shall be willing to pledge their equity".

The promoters own 57.82% of the company. Of which 71% is pledged with banks and other financial institutions. The current market cap of Bhushan Steel is ₹1,159.74 crore. With the steel sector looking up, Singhal has urged all banks not to sell prized assets at deep discounts and instead hold on to the equity of these companies and earn future upsides. His proposal of transferring promoter equity would also give the lenders control over the company.

"No haircut would ensure safeguard to lenders from any question that may be asked in future," he wrote. "We are also agreeable if the lenders intend to have joint management sort of structure by inducting their representatives and chairman on the board of the company."

Attempts to reach Neeraj Singhal via email, text messages remained unsuccessful till the time of going to press.

Bhushan Steel, with a capacity of 5 million tonnes per annum, has seen frenzied interest from bidders such as JFE-JSW, Arcelor Mittal-Nippon Steel, Vedanta, Tata Steel, Bain-Piramal, among others. The resolution professional has set the liquidation value at ₹15,000 crore, below which any bid will not be accepted.

Lawyers specialising in bankruptcy said typically once admitted under NCLT, there is no mechanism to withdraw the application as these are representative suits involving all stakeholders.

JSW Steel net profit soars

New Delhi: JSW Steel on Wednesday reported an over two-fold rise in its consolidated net profit at Rs 1,774 crore for the quarter ended December 2017, beating analyst expectations as the steel maker marked its highest quarterly steel sales.

The company had posted a net profit of Rs 716 crore in the year-ago period, JSW Steel said in a filing to the BSE.

The Sajjan Jindal-led company's total income rose to Rs 17,903 crore for the quarter under review against Rs 15,345 crore in the same period a year ago.

Total expenses were at Rs 15,785 crore compared with Rs 14,280 crore in the October-December quarter of the preceding fiscal.

Shares of JSW Steel ended 0.19 per cent higher at Rs 290.15 apiece on the BSE on Wednesday.

Vedanta numbers

Mining conglomerate Vedanta Ltd has reported a marginal 1.8 per cent rise in consolidated net profit at Rs 2,173 crore for the third quarter ended December 31, on the back of higher income. The consolidated net profit stood at Rs 2,133 crore in the year-ago period.

These figures are "after taxes, non-controlling interests and share in profit of jointly controlled entities and associates but before exceptional items," the company said.

Total income increased to Rs 24,934 crore from Rs 21,405 crore a year ago. PTI

JSW Steel logs record ₹1,774-cr profit in Q3

OUR BUREAU
Mumbai, January 31

JSW Steel has registered its highest ever quarterly profit of ₹1,774 crore (₹719 crore in previous-year period) on the back of a one-time write back of provision and higher realisations.

Third-quarter income increased 17 per cent to ₹17,903 crore (₹15,345 crore).

Following the US government cutting corporate tax to 21 per cent from 30 per cent, the company's US subsidiary has reversed deferred tax liability to ₹572 crore. JSW Steel has halved its iron ore mining interest in Chile to 200 million tonnes (mt) and incurred a provisioning of ₹264 crore. On the whole, it recorded a one-time gain of ₹308 crore during the quarter.

Seshagiri Roa, Joint Managing Director, said that despite cost pressures the company managed to register a better profit due to higher realisation and increase in exports.

The Ebitda per tonne of steel sold increased by ₹1,500 to ₹8,994. Net debt was down by ₹696 crore to ₹42,068 crore.

JSW Steel plans to bid for eight category 'C' mines coming up for auction in Karnataka. The last day for putting the bids is March 12, said Vinod Nowal, Deputy Managing Director.

Rao denied that bidding for Bhushan Steel will turn aggressive with Vedanta entering the fray. JSW Steel will finalise its bid for Bhushan Steel by February 4, the last day for bidding, and will stick to bidding for the three identified companies.

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[Details on p5](#)

Vedanta Q3 Net Profit Slips 4%, Lags Estimates

Co reports strong operational show with volume growth

Our Bureau

Kolkata: Vedanta Ltd reported a 4% dip in profit after tax in Q3FY18 at ₹2,053 crore compared to ₹2,133 crore

in the previous corresponding period lagged behind analysts' estimates, even as revenues went up 19% to ₹24,361 crore during the period on higher commodity prices and improved zinc and aluminium volumes. Analysts, on an average, had hoped Vedanta to post a quarterly net profit of over ₹2,400 crore.

The company attributed higher revenues in Q3 FY2018 to a ramp-up in aluminium business, higher volumes at Zinc International and higher commodity prices. This was, how-

ever, partially offset by currency appreciation and lower sales at iron ore and Copper India.

Earnings before interest taxes depreciation and amortization (EBITDA) for Q3 FY18 was at Rs 6,780 crore up 13% compared to Rs 5,976 crore in Q3FY17, on account of higher commodity prices, ramp-up at aluminium business. But higher costs due to rise in input commodity prices, currency appreciation, one-off costs on account of power import and pot outages earlier in the year at

its aluminium business affected its earnings. Additionally, lower sales of iron ore and Copper India also hit earnings growth. The Vedanta scrip fell 0.25% to close at Rs 339.50 on the BSE on Wednesday.

Commenting on the company's flat profit growth in Q3FY18, Kuldip Kaura, CEO, Vedanta Ltd said: "Our operational performance during the quarter remained strong with volume growth across businesses."

Continued on ►► SMART INVESTING

JSW Steel Q3 Profit More than Doubles to ₹1,774 cr

Reports record surge in volumes led by exports

Our Bureau

Mumbai: JSW Steel has reported record quarterly earnings despite headwinds from rising cost of raw materials, with net profit more than doubling on the back of an export-led jump in volume sold.

For the quarter ending December 2017, consolidated net profit increased almost 148% from a year ago to ₹1,774 crore, beating Bloomberg analysts' estimate.

Even as production of crude steel touched a record 4.11 million tonnes, with the steelmaker able to manage costs, EBITDA increased by 37% to ₹3,851 crore. Saleable steel sales touched a record of 4.03 million tonnes, with exports constituting 30% of the total volume sold—up 56% from the previous year.

Revenue from operations increased by 17% from a year ago to ₹17,861 crore. The company also benefited from a reduction in corporate income tax in the US, with tax liabilities aggregating ₹572 crore being reversed. At the same time, it took a hit of ₹264 crore as an exceptional item for the provision it made for impairment towards goodwill, mining development and advances associated with the surrender of its iron ore mine in Chile.

With the company being able to repay loans, net debt at the end of the quarter stood at ₹42,068 crore, reduced by ₹696 crore with the weighted average interest rate decreased by 23 basis points on a quarterly basis to 7.03%.

However, JSW Steel's joint MD Seshagiri

Rao said he does not expect the interest rate to fall so much in the last quarter, even though they will keep repaying loans.

IRON ORE READINESS

The company has been facing issues with iron ore shortage in Karnataka, due to which Rao said it will fall short of its yearly production guidance of 15.5 MT. However, with the Supreme Court recently raising the cap on iron ore mining in the state to 35 MT, from 30 MT, it is expected that iron ore prices will stabilise. Also, out of the five iron ore mines that JSW Steel bagged in the state last year, two are expected to start production in the last quarter, with the rest three to begin functioning in the first quarter of the next fiscal. The total capacity of the two mines will be 0.7 MT.

ON ACQUISITION OF STRESSED ASSETS

Rao confirmed that the steel arm of the JSW Group is actively involved in the insolvency resolution process of three companies—Bhushan Steel, Bhushan Power and Steel and Monnet Ispat and Energy. He said the company is not interested in Electrosteel Steels and Essar Steel.

Last year, the company had announced that it will also take up greenfield expansion of 10 MT each in Jharkhand and Odisha. Although most of the stressed assets the company is eyeing are in eastern and central India, these plans remain.

"The greenfield project is moving at its own pace," director of commercial and marketing, Jayant Acharya, said, adding that "as of now" the plan remains unaffected by the potential acquisitions. The company, however, may take a call on adding more capacities in a brownfield manner after the process of acquisitions is over.

Policy to develop gold as an asset class soon

NEW DELHI, Feb 1 (IANS)

FINANCE Minister Arun Jaitley on Thursday said the Government would formulate a comprehensive Gold Policy to develop the precious metal as an asset class.

The Government had been planning to formulate a Gold Policy for long to set standard norms in the industry. "The Government will also establish a system of consumer friendly and trade efficient system of regulated gold exchanges in the country," Jaitley said while announcing the Union Budget 2018-19. Talking about Government's Gold Monetisation Scheme, he said it would be revamped to enable people to open a hassle-free Gold Deposit Account.

GOLD MONETISATION SCHEME TO BE REVAMPED: THE Government will revamp the 'Gold Monetisation Scheme' and



come out with a comprehensive policy on the precious metal, Finance Minister Arun Jaitley on Thursday said. The revamping of the scheme is aimed at enabling people to open a hassle-free gold deposit account. The minister also said that the Government will establish a consumer-friendly and trade efficient system of regulated gold exchanges in the country. In 2015, the Government launched the GMS with the objective of mobilising the gold held by households and institutions in the country.

LOKMAT DATE: 3/2/2018 P.N.12

गौण खनिज चोरीप्रकरणी पाच कोटींचा दंड

नाशिक : पेठ जिल्हा परिषद सदस्याला दिली नोटीस

लोकमत न्यूज नेटवर्क

नाशिक : सलग अकरा वर्षे बेकायदेशीरपणे दगडखाणीतून उपसा करून खडीक्रशरचा व्यवसाय केल्याप्रकरणी पेठचे जिल्हा परिषद सदस्य भास्कर गावित यांना पाच कोटी रुपये दंडाची नोटीस बजावण्यात आली आहे. दंडाची रक्कम न भरल्यास गावित यांच्या मालमत्तेवर टाच आणण्याची

तयारीही महसूल खात्याने चालविली आहे.

साधारणतः दोन वर्षांपूर्वी पेठच्या मार्क्सवादी कम्युनिस्ट पक्षाच्या कार्यकर्त्यांनी भास्कर गावित यांच्याकडून वर्षानुवर्षे बेकायदेशीरपणे गौणखनिजाची चोरी केली जात असल्याची तक्रार महसूल खात्याकडे केली होती. परंतु या तक्रारीची पाहिले तशी दखल घेतली जात नसल्याचे पाहून

सदर प्रकरणाचे कागदोपत्री पुरावे प्रसिद्धीमाध्यमांकडे सादर करून चौकशीची मागणी केली होती. या तक्रारीच्या आधारे जिल्हाधिकाऱ्यांनी पेठ तहसीलदारांना चौकशीचे आदेश दिले. पेठ शहराला लागून असलेल्या एका शासकीय टेकडीतून तसेच पेठपासून दोन किलोमीटर अंतरावर असलेल्या खोकडतळे गावात गावित यांच्या स्वतःच्या मालकीच्या गटातून सन २००६ पासून खाणीतून दगडांचा बेकायदा

उपसा करून त्याआधारे खडीक्रशर चालविले जात होते. सलग अकरा वर्षे चाललेल्या या गोरखधंद्यामुळे खाणीला मोठी भगदाडे पडली. त्यामुळे नेमका किती उपसा करण्यात आला याचा अंदाज बांधणे कठीण झाल्याने जिल्हा गौणखनिज अधिकाऱ्यांच्या नेतृत्वाखालील पथकाची चौकशी समिती नेमण्यात आली होती. या समितीने दिलेल्या अहवालाच्या आधारे दंडाची नोटीस बजावण्यात आली आहे.

Bhushan Steel May Get Bids up to Twice Liquidation Value

Liquidation value of co pegged at ₹15k cr, but bids worth over ₹25k cr being expected

Sangita Mehta & Satish John

Mumbai: Neeraj Singal's Bhushan Steel is up for grabs, and bidders ranging from Tata Steel, JSW, Vedanta and Arcelor Mittal have lined up in Delhi on the eve of the deadline to vie for the prized steel asset.

The deadline for the bid will end on Saturday, but there is speculation that the deadline may be extended. Bidders are however not taking any chances.

The liquidation value for Bhushan Steel is pegged at ₹15,000 crore, however people in the know expect the bids to range between ₹25,000 crore to ₹30,000 crore for the company having a 5 million tonne steelmaking capacity.

"It is a challenge to build a 5 million tonne steelmaking plant from ground-up. It takes years to build an integrated steel mill as it has to cross several hurdles such as land acquisition, regulatory hurdles...", said one of the officials affiliated to a company that is bidding for the stressed steel asset.

For JSW, Bhushan Steel will provide the company a gateway to the east and North, as most of its ex-



isting steelmaking facilities are concentrated in the East. For Tatas, who are predominantly in the East, acquiring the company makes sense as its grip in the eastern region will continue unchallenged. ArcelorMittal, which has struggled to open its account in India, acquiring a readymade asset, will help realise the Mittal family's ambition to own an asset, close to its roots. Cash-rich Vedanta, promoted by Anil Agarwal has been explaining that its interest in stressed steelmaking assets are linked to its iron-ore strategy.

Just a few days before the dead-

line, the Singals of Bhushan Steel, with their back to the wall delivered a googly by offering their version of a debt resolution.

Bankers involved in the resolution exercise, however, have confirmed that till Friday evening, the penultimate day for submitting the binding bids, the loan was not regularised by them nor any proposal on similar lines has come to them. Effectively, their proposal, if any will not be eligible for consideration, they added.

Unlike in case of Monnet Ispat, wherein the bidder, JSW in partnership with AION had proposed an all-cash deal, this time JSW in partnership with Piramal and JFE Fund is likely to propose part cash and part debt restructuring scheme.

Lenders have decided that they will negotiate only with the highest bidders which is keeping in line with guidelines issued by Central Vigilance Commissioner. "We will negotiate with H1 bidders. If you know there is no second chance, you will put your best foot forward," a senior official from a large commercial bank said.

Bhushan Steel faces ₹55,868 crore claims from financial creditors. Of this the resolution professional has accepted only ₹44,498 crore claims. Also it faces claims of ₹1,436 crore from operational creditors. Bhushan Steel is among the 12 companies where Reserve Bank of India directed banks to refer the company to the bankruptcy court immediately.

Hindalco Industries net rises 17% on higher realisation

OUR BUREAU

Mumbai, February 2

Hindalco Industries, an Aditya Birla Group company, reported 17 per cent increase in December quarter net profit at ₹376 crore (₹320 crore) on the back of better realisation.

Revenue was up 11 per cent at ₹11,023 crore (₹9,915 crore).

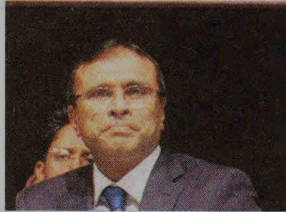
The company had made a provision of ₹115 crore based on the Supreme Court judgment on mining regulations.

The Earnings before Interest, Tax, Depreciation and Amortisation increased 15 per cent to ₹1,611 crore driven by higher volumes in both aluminium and copper.

This was partially offset by higher input costs. Depreciation rose by seven per cent to ₹382 crore on account of progressive capitalisation.

Satish Pai, Managing Director, said though the rising cost is a concern, demand for both aluminium and copper has picked up and is expected to remain strong on revival of power projects.

Revenue from aluminium business was up at ₹ 5,323 crore led by higher sales and increased realisation. EBITDA



Satish Pai, Managing Director, Hindalco Industries

from aluminium grew 7 per cent to ₹940 crore.

Aluminium metal production was at 3.23 lakh tonnes and alumina (including Utkal Alumina) at 7.34 lt. Value added products output was up three per cent at 1.23 lt.

Revenue from the copper segment increased to ₹5,701

Though the rising cost is a concern, demand for both aluminium and copper has picked up, and is expected to remain strong on revival of power projects.

crore, driven by higher volume and by-product realisation.

Copper cathode production was 1.01 lt, up by 8 per cent and copper cathode rod output was at 38,000 tonnes.

Utkal Alumina International registered net profit of ₹118 crore against a loss of ₹55 crore in the same period last year.

Silver falls by Rs 500/kg; gold steady

NEW DELHI, Feb 3 (PTI)

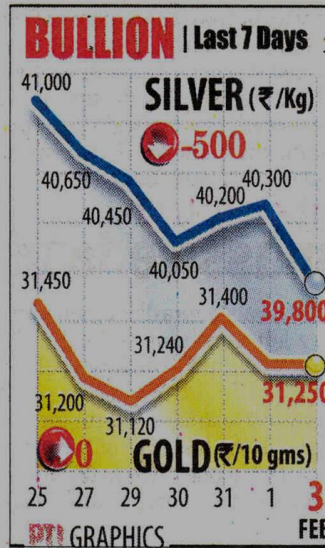
SILVER prices slumped below the Rs 40,000 per kg level by falling Rs 500 to Rs 39,800 per kg at the bullion market on Saturday, tracking a weak trend overseas amid reduced industrial offtake.

Gold, however, ruled steady at Rs 31,250 per ten grams largely on scattered buying.

Gold of 99.9 per cent and 99.5 per cent purity ruled flat at Rs 31,250 and Rs 31,100 per ten grams respectively.

Sovereign followed suit and maintained a steady trend at Rs 24,800 per piece of eight grams.

Traders yesterday observed a 'bandh' to protest against the



ongoing sealing of business establishments in the city.

Marketmen said apart from a weak trend overseas, fall in demand from industrial units and coin makers at domestic spot market mainly led to fall in silver prices.

Globally, silver fell 3.63 per cent to US dollar 16.58 an ounce and gold by 1.22 per cent to US dollar 1,331.90 an ounce in New York yesterday.

In the National Capital, silver ready plunged by Rs 500 to Rs 39,800 per kg and the weekly-based delivery by Rs 835 to Rs 38,605 per kg. Silver coins, however, held steady at Rs 74,000 for buying and Rs 75,000 for selling of 100 pieces.

THE TELEGRAPH DATE: 7/2/2018 P.N.11

Gold appetite to stay weak

OUR BUREAU

Calcutta: Gold demand in India is likely to remain below its 10-year average for a third year in 2018 as higher taxes and new transparency rules on purchases may cap last year's rebound in buying, the World Gold Council (WGC) said on Tuesday.

India is the world's second-biggest gold consumer and lower demand could rein in the prices that have risen 8 per cent since mid-December, although a drop in import of the metal would help the country reduce its trade deficit.

Gold consumption in 2018 will likely be between 700 tonnes and 800 tonnes versus 727 tonnes last year, Somasundaram PR, the managing director of WGC's Indian operations, said on Tuesday.

Indian demand has averaged 840 tonnes over the last 10 years.

Gold demand will lag because of a higher goods and services tax (GST) on bullion purchases and measures to track

ALL THAT GLITTERS

Gold demand (Jan to Dec 2017)

	Tonnes	\$bn
Jewellery	562.7	22.7
Investment	164.2	6.6
Total	726.9	29.3

gold purchases, he said.

In July, the GST on gold was raised to 3 per cent from 1.2 per cent. India has also made it mandatory for customers to disclose their tax code, or Permanent Account Number (PAN), for high-value gold purchases.

The government moves have disrupted the business of small jewellers that account for nearly two-thirds of India's total sales, Somasundaram said.

"More changes are coming in like hall-

marking, responsible gold sourcing, all this will continue to disrupt the industry ... It will take two years for India to reach normal demand level," he said.

Gold is the mainstay of Indian culture, serving as the primary vehicle for household savings for hundreds of millions of people in Asia's third-largest economy.

Gold demand in the country rose 9 per cent in 2017 to 726.9 tonnes from 2016, the WGC said in its latest Gold Demand Trends report.

The total demand stood at 666.1 tonnes in 2016.

The growth was mainly driven by jewellery demand in 2017, which was up 12 per cent at 562.7 tonnes compared with 504.5 tonnes in 2016. In value terms, jewellery demand was up 9 per cent at Rs 1,48,100 crore from Rs 1,36,290 crore in 2016.

Total investment demand was down 2 per cent at 164.2 tonnes in 2017 compared with 161.6 tonnes in 2016.

Gold Demand in India may Rise to 800 tonnes in 2018: WGC

Says Budget proposal for a comprehensive gold policy, steps to boost farm income could boost consumption

Sutanuka.Ghosal@timesgroup.com

Kolkata: Gold demand in India is likely to increase to nearly 800 tonnes in 2018 from 727 tonnes in the previous year, according to a senior executive of the World Gold Council, and reach 900 tonnes by 2020.

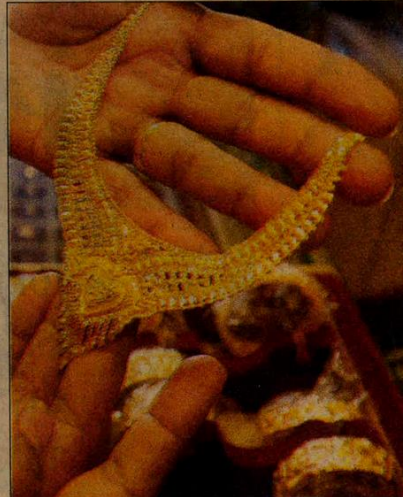
In 2017, gold demand in the country had grown 9.1% from 666 tonnes in the previous year but fallen short of the 10-year average of 840 tonnes.

"Looking ahead, the 2018 Budget contained various positives for gold, including the development of a comprehensive gold policy and creation of a gold exchange. The government has also announced a series of policies for farmers to boost their income," said Somasundaram PR, managing director—India, World Gold Council.

"As policy measures unfold, we are optimistic that demand for 2018 will stabilise at 700-800 tonnes. It will be on the higher side, close to 800 tonnes," he said.

Asked whether more investors would shift to gold following the weakness in stock markets, Somasundaram said: "Strategic investors do not react immediately. Short-term players may show some interest in gold now. But with the government taking a comprehensive approach to develop gold as an asset class, we may expect gold to become an important investment tool in the coming days."

In 2017, the total jewellery demand in India was up 12% from the previous year to 562.7 tonnes. Total investment demand for bars and coins last year was up 2% at 164.2 tonnes from 161.6 tonnes in 2016. Total gold



SOMASUNDARAM PR
Managing Director, World Gold Council

As policy measures unfold, we are optimistic that demand for 2018 will stabilise at 700-800 tonnes. It will be on the higher side, close to 800 tonnes ...

Jewellery demand had reached the highest fourth quarter level in 2017

recycled in India in 2017 was 88.4 tonnes, 11.19% higher than 79.5 tonnes a year ago.

"In the fourth quarter of 2017, demand was up 2% to 249 tonnes, and within that, jewellery demand reached the highest fourth quarter level that we have seen in our 17-year series," said Somasundaram.

The increase in demand was driven by a number of factors, including lower gold prices coinciding with Dhanteras, a positive economic backdrop and improved consumer sentiment, particularly in the rural areas, as the effect of demonetisation wore off. "The exemption of gold from PMLA (Prevention of Money Laundering Act) in the second half of 2017 also revived consumer purchases, helped by the transition to GST progressing along expected lines," he said.

The World Gold Council chief said gold is continuing to enter India through the illegal route, and that in 2017, about 100-120 tonnes of gold entered the country through that route.

Internationally, gold demand rallied in the closing months of 2017, gaining 6% year-on-year in the fourth quarter to 1,095.8 tonnes. However, overall demand for the full year fell 7% from the previous year to 4,071.7 tonnes, according to the World Gold Council's latest Gold Demand Trends report.

Demand for bars and coins demand fell 2% in 2017 as US retail investment dropped sharply. However, the year saw a recovery in both jewellery and technology demand, each making modest gains, as improving economic conditions lifted consumer sentiment in India and China, and an increase in technology products containing gold, such as smartphones and tablets, boosted demand.

JSW offers ₹28,000 cr. as it vies with Tata for Bhushan Steel

'ArcelorMittal didn't submit bids, may emerge as dark horse'

PIYUSH PANDEY
MUMBAI

Sajjan Jindal-led JSW Steel, Tata Steel and employees of Bhushan Steel, backed by private fund, are learnt to have submitted bids to buy the troubled steel maker Bhushan Steel.

Confirming the development, a source said, "The bids were opened in front of the bidders and will now be sent to the committee of creditors (CoC). The CoC will take a final call depending upon the resolution plan of the interested parties."

JSW Steel is learnt to have bid almost double of the liquidation price of Bhushan Steel pegged at ₹15,000

crore. "JSW has offered ₹20,000 crore upfront cash and another ₹8,000 crore for working capital," said another source, adding that Tata Steel had also submitted bids. However, a Tata Steel spokesperson declined to comment. Bhushan Steel has outstanding debt of over ₹50,000 crore and was referred to the National Company Law Tribunal.

Steel baron L.N. Mittal-led ArcelorMittal was interested in Bhushan Steel initially, but did not submit bids. ArcelorMittal is learnt to sell its 29.5% stake in Uttam Galva, a company owned by Miglani family, related to promoters of Bhushan Steel.

This move is aimed at making ArcelorMittal eligible to bid for distressed steel assets in India as the new provision of Section 29 of the IBC had barred errant promoters from reacquiring their own assets.

Resolution process

"ArcelorMittal may emerge as the dark horse for Bhushan Steel. The lenders may make way for him as was done in the case of Binani Cement to accommodate new bidders after the bidding was closed. It's a resolution process and not a liquidation process," said investment advisor S.P. Tulsian.

Apex Court Cancels Iron Ore Mining Leases of 88 Cos in Goa

PTI

New Delhi: The Supreme Court on Wednesday quashed the second renewal of iron ore mining leases given to 88 companies in Goa in 2015.

The apex court directed the Centre and the Goa government to grant fresh environmental clearances to them.

It said the state government was obliged to grant fresh mining leases in accordance with law, in view of its previous judgement, and not second renewals to mining lease holders.

The apex court had said in previ-

ous judgements that only fresh leases were to be granted by the Goa government, not second renewals.

A bench of Justices Madan B Lokur and Deepak Gupta said mining lease holders, who have been granted a second renewal in violation of its previous decision and directions, are granted time to manage their affairs and may continue mining operations till March 15 this year.

"However, they are directed to stop all mining operations with effect from March 16, 2018 until fresh mining leases (not fresh renewals or other renewals) are granted and fresh environmental clearances

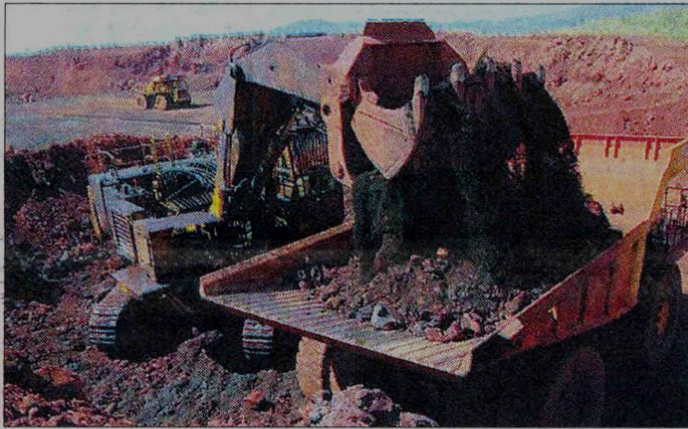
are granted," the bench said.

"The second renewal of the mining leases granted by the state of Goa was unduly hasty, without taking all relevant material into consideration and ignoring available relevant material and therefore not in the interests of mineral development," it added.

The decision, the bench said, was taken only to augment the revenues of the state, which is outside the purview of Section 8(3) of the Mines and Minerals (Development and Regulation) Act.

"The second renewal of the mining leases granted by Goa is liable to be set aside and is quashed," the bench held.

SC cancels iron ore mining leases of 88 firms in Goa



■ SC directs Centre and Goa Govt to set up an SIT and a team of chartered accountants to recover the amount from mining companies, which were allowed to extract ore in violation of the law

NEW DELHI, Feb 7 (PTI)

THE Supreme Court on Wednesday quashed the second renewal of iron ore mining leases given to 88 companies in Goa in 2015. The apex court directed the Centre and the Goa Government to grant fresh environmental clearances to them.

It said the State Government was obliged to grant fresh mining leases in accordance with law, in view of its previous judgement, and not second renewals to mining lease holders.

The apex court had said in previous judgements that only fresh leases were to be granted by the Goa Government, not second renewals. A bench of Justices Madan B Lokur and Deepak Gupta said mining lease holders, who have been granted a second renewal in violation of its previous decision and directions, are granted time to manage their affairs and may continue mining operations till March 15 this year.

"However, they are directed to stop all mining operations with effect from March 16, 2018 until fresh mining leases (not fresh renewals or other renewals) are granted and fresh environmental clearances are granted," bench said. "The second renewal of the mining leases granted by the State of Goa was unduly hasty, without taking all relevant material into consideration and ignoring available relevant material and therefore not in the interests of mineral development," it added.

NAVBHARAT

DATE: 8/2/2018 P.N.9

गोवा में माइनिंग बैन

एजेसियां
दिल्ली.

गोवा खनन घोटाले से जुड़े केस की सुनवाई करते हुए सुप्रीम कोर्ट ने बड़ा फैसला दिया है. कोर्ट ने 15 मार्च तक के लिए गोवा की सभी खदानें बंद करने का आदेश दे दिया है.



सुको ने लगाई रोक

कोर्ट ने यह भी कहा है-कि इस मामले में सरकार नए तरीके से आवंटन करे. बता दें कि गोवा में खनन घोटाला एक बड़ा राजनीतिक मुद्दा रहा है और इसमें कांग्रेस नेता और पूर्व सीएम दिगम्बर कामत से भी एसआईटी पूछताछ हो चुकी है. बता दें कि इस मामले में गोवा फाउंडेशन की तरफ से याचिका दायर की गई है. सुप्रीम कोर्ट ने रोक लगाते हुए कहा कि सरकार की तरफ से लीज 16 मार्च तक के लिए आवंटित की गई थी. कोर्ट ने अपने आदेश में यह भी कहा कि गोवा में माइनिंग लीज के लिए सरकार नए सिरे से नीलामी करवाए.

BJP govt loses mining fig leaf

OUR BUREAU

New Delhi: The Supreme Court has cancelled 88 mining leases in Goa that were renewed in "undue haste" to circumvent a rule that made auctions mandatory, dealing a body blow to the BJP that has sought to monopolise the anti-corruption plank.

The leases of several companies, including one from the Vedanta Group, were renewed by the BJP government in Goa between November 2014 and January 12, 2015.

"The State ignored the fact that every single mining leaseholder had committed some illegality or the other in varying degrees," a bench of Justices Madan B. Lokur and Deepak Gupta said on Wednesday.

The apex court directed the 88 leaseholders to stop their activities by March 15, 2018. The ruling came on a petition filed by the Goa Foundation, an environment action group led by Claude Alvares.

The timeline detailed in the judgment suggests a photo-finish dash by the Goa government to renew the lease before the Centre promulgated the ordinance that introduced auctions. Such was the scramble that 31 agreements were cleared on the very day the President promulgated the ordinance. **(See chart)**

"The sudden spurt of renewal of mining leases is beyond comprehension," an outraged Supreme Court said. "The State of Goa perhaps anticipated this in view of the publication of the draft Mines and Minerals... Act, 2014, and therefore hurried... to defeat

How the BJP government in Goa beat the auction rule

■ **July 10, 2014:** Modi government's first budget signals mining policy will be changed soon

■ **Oct. 1, 2014:** Parrikar cabinet in Goa approves mining lease policy

■ **Nov. 4:** Goa lease policy uploaded

■ **Nov. 5-Dec. 10:** 16 leases renewed

■ **Nov. 8:** Parrikar shifts to Delhi as defence minister; Laxmikant Parsekar, another BJP leader, becomes Goa CM

■ **Nov. 17:** Centre uploads draft policy to make auctions mandatory

■ **Nov. 24:** Goa renews 10 more leases

■ **Jan. 1-2, 2015:** 6 more leases renewed

■ **Jan. 5:** Word spreads that Union cabinet has cleared auction ordinance

■ **Jan. 5-9:** Goa renews 25 more leases

■ **Jan. 12:** The President promulgates auction ordinance

■ **Jan. 12:** Goa renews another 31 leases

THE BIG PICTURE

88 renewals between November 5, 2014, and January 12, 2015

56 renewals between Union cabinet nod for auction ordinance and promulgation

31 renewals on the very day the President promulgated the ordinance

the introduction of the auction process."

Chief minister Manohar Parrikar, who had moved to Delhi as defence minister in November 2014 soon after the mining launch pad had been set and the renewal process had begun to lift off, would find the words of the court particularly scathing.

"Unfortunately, the undue haste in which the State acted gives the impression that it was willing to sacrifice the rule of law for the benefit of the mining leaseholders and the explanation of satisfying the needs of some sections of soci-

ety for their livelihood... was a mere fig leaf. The real intention of the second renewal was to satisfy the avariciousness of the mining leaseholders who were motivated by profits to be made through the exploitation of natural resources," the court said.

In a note, Alvares, the foundation director, blamed "the BJP government, led first by Manohar Parrikar and then Laxmikant Parsekar".

Parrikar, who returned as Goa chief minister last year, said on Wednesday: "There is no need to panic.... I have to seek legal advice on the issue."

THE BIDDERS submitted offers above the liquidation value of ₹10,000 crore; Vedanta didn't submit an offer; AM had pulled out after doing due diligence

Tata Steel, JSW Submit Bids for Bhushan Power and Steel

Mohit.bhalla@timesgroup.com

New Delhi: Tata Steel and JSW have submitted offers for the unlisted Bhushan Power and Steel on Thursday, the final date for submission of bids.

Both parties submitted binding offers that are above the liquidation value for the company, according to sources briefed on the matter. Vedanta, which was widely expected to bid for the company did not submit an offer.

JSW was a late entrant to the bidding process and had not submitted an expression of interest initially.

All the above parties have conducted due diligence on the company and attended a pre-bid conference after they were given access to a virtual data room containing information about the company's financials and various documents supporting it.

ArcelorMittal, also initially amongst prospective bidders for the company, withdrew from the bidding process after conducting due diligence, **ET** reported in its edition dated 24 January.

Mahender Khandelwal, head of restructuring services at audit and advisory firm BDO, is the resolution professional for Bhushan Power and Steel. Khandelwal could not be

Net Assets and Liabilities

Company has **3.2 Million Tonnes** per annum steel-making capacity

Owens plants in Orissa, West Bengal & Chandigarh

Deadline for final bids was extended from Jan 29 to Feb 8

Was among **12 accounts** shortlisted by RBI for insolvency proceedings

Fair value of Company pegged at **₹20,000 cr** by Duff & Phelps and PwC

Owens **700 MW** captive power plant

Company added capacities during insolvency process

Owes creditors **₹48,524 cr**

12 Parties submitted expressions of interest for the Co.



reached for comment.

SBI Caps is advising the creditors on the bidding process.

Spokespersons for SBI Caps, Tata Steel and JSW were yet to respond to ET's queries till press time Thursday.

Law firm Cyril Amarchand Mangaldas is the legal counsel.

The Sanjay Singhal-promoted company was admitted to insolvency proceedings by Punjab National Bank in June last year. The committee of creditors comprises over a dozen banks with State Bank of India having disbursed the largest proportion of loans to the company.

The group of creditors are owed ₹48,524 crores by the debt-

laden company.

The earlier deadline for submission of final bids for the company was extended from 29 January to 8 February as the creditors were awaiting a decision from the Insolvency and Bankruptcy Board on the bid evaluation process. The IBBI through a circular clarified that the highest bidder in the auction would be called for negotiations as opposed to the earlier plan of inviting all the bidders for negotiations.

The committee of creditors had also sought a report on the fair valuation of the company's assets as it had added significant capacities from the time it went into insolvency resolution

as existing credit lines were unutilized. The fair value of the assets was almost double the initial liquidation value estimates put together by the valuers, Duff and Phelps and PriceWaterHouse Coopers, according to the bankers.

Bhushan Steel, a company owned by Sanjay Singhal's brother received offers from Tata Steel, JSW and a group of employees backed by a financial investor on 3 February, **ET** reported on Monday.

Bhushan Power & Steel manufactures steel products for the automotive and appliances industry as well as for varied electrical applications. Its products also include hot-rolled and cold-rolled products and galvanized items.

As many as 12 parties including the promoter had submitted initial expressions of interest for the company. These included a Hong Kong-based arm of Bank of America Merrill Lynch, Asia Pacific Capital, MESCO Steels, Edelweiss group's asset reconstruction arm and Kolkata-based Shyam Metalics and Energy Limited. Sanjay Singhal was disqualified after an ordinance amending the bankruptcy code in November prohibited defaulting promoters from bidding for their companies.

SALES TO AUTOMOTIVE SECTOR POSTS HIGHEST RISE AT 34%

Tata Steel Q3 Net Up Five-fold on Higher India Sales, Realisations

Our Bureau

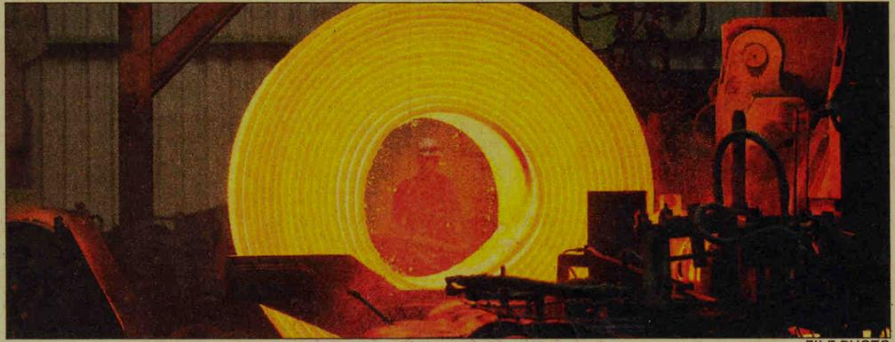
Kolkata: Tata Steel posted an almost five-fold jump in consolidated net profit during the third quarter ended December 2017 to ₹1,136 crore against ₹232 crore in same period last year, led by higher production and sales volume in India and improved realisations.

Turnover went up 15% to ₹33,446 crore in the December quarter of FY18 against ₹29,024 crore in the year-ago period. Consolidated quarterly operating profit before tax (EBIDTA) at ₹5,801 crore registered a 59% increase year-on-year with an EBIDTA margin of 17%. Consolidated profit before tax stood at ₹3,210 crore as against ₹1,000 crore in the year-ago period.

However, exceptional charges of ₹1,116 crore during the quarter arising mainly due to regulatory claims relating to mining operations reduced profitability. The results were below analyst expectations which had estimated the consolidated Q3 net to be in the region of ₹1,400 crore.

The company's gross debt stood at ₹88,601 crore mainly due to repayments and a positive impact on the forex front and came down by ₹1,658 crore during the quarter.

Consolidated quarterly deliveries of 6.56 million tonne (mt) saw an 8% increase. India deliveries now constitute almost 50% of the group deliveries, an official statement added. On a standalone basis, Tata Steel deliveries went up by 10% to 3.3 million tonne during the quarter as against 2.99 mt in the year-ago period, while net profit was at ₹1,338 crore in the quarter against ₹1,205 crore in the year-ago period. Standalone turnover was at ₹15,596 crore in December quarter up



FILE PHOTO

22% against ₹14,106 crore in the year-ago period on higher deliveries and better realisations.

In India, the company reported broad based steel sales with automotive segment showing a 34% rise in sales YoY and a 22% YoY growth in hi-end automotive steel sales. Branded products, retail solutions saw sales grow 7% yoy and the engineering sub segment registered a doubling of growth yoy.

TV Narendran, CEO, Tata Steel said: "In India, we have witnessed strong volume growth across the verticals as well as an increase in realisations. Our European operations performance was marginally lower, due to seasonal pressures as well planned maintenance and upgrades designed to strengthen operations and our long-term capability."

Sharing his outlook for the coming months, Narendran said: "Globally steel prices have been buoyant with improved trade position in China along with cost push from raw materials. Over the last nine months, we delivered strong consolidated operational performan-

ce across geographies and we expect this momentum to continue as markets are expected to remain favourable."

The company's board has approved expansion in capacity of its new steel plant at Kalinganagar in Odisha to 5 million tonne at an investment of ₹23,000 crore. Commenting on it, he said: "Our focus on India continues as we look to expand our Kalinganagar site as well as pursue inorganic growth opportunities."

Koushik Chatterjee, Tata Steel CFO said: "Tata Steel group revenues witnessed robust growth driven by improved volumes in India and stronger realizations across geographies, on the back of the improvement in commodity prices and an expansion in spreads globally."

In Europe, steel deliveries were up 4% yoy to 2.44 mt in Q3FY18. Revenues in GBP terms were higher by 18% yoy reflecting higher steel prices, the statement added.

The scrip closed at ₹683.65 on the BSE on Friday up 1.83% over its previous close.

Tata Steel net rises five-fold to ₹1,136 cr on better realisation

Rights issue to raise ₹12,800 crore will open between February 14 and 28

OUR BUREAU

Mumbai, February 9

Tata Steel has reported nearly five-fold increase in its consolidated December quarter net profit at ₹1,136 crore (₹232 crore), largely due to better realisation in India and revival of demand in Europe.

Sales were up 14 per cent at ₹33,100 crore (₹28,912 crore). The company has made a provision of ₹1,115 crore towards penalty levied by the regulatory authorities on mining.

Kalinganagar plant

Tata Steel has to shut down operations at the Kalinganagar plant due to unexpected failure of auxiliary equipment. As the

downstream operations are integrated to the blast furnace, it has to suspend production at the steel smelting shop and hot strip mills. The company expects to restart production in the next seven to 10 days.

The rights issue to raise ₹12,800 crore will be open between February 14 and 28. It will issue about 15.54 crore fully paid shares not exceeding ₹8,000 crore at ₹510 a share and another about 7.76 crore partially paid shares not exceeding ₹4,800 crore at ₹615 a piece. It has invested ₹2,002 crore during the quarter under review.

On a standalone basis, the company's net profit and



TV Narendran, MD, Tata Steel

turnover were up 11 per cent each at ₹1,338 crore (₹1,205 crore) and ₹15,596 crore (₹14,106 crore). EBITDA was up 37 per cent at ₹4,647 crore (₹3,393 crore) on better realisation.

Steel sales were up 10 per cent at 3.30 million tonnes (2.99 mt).

TV Narendran, Managing Director, said sales volume growth was strong in India across verticals and increase realisations. The planned maintenance and upgrades in Europe to enhance long-term capability hit operations, he said.

The focus in India will be to expand Kalinganagar plant and pursue inorganic growth. The process for entering into a joint venture with Thyssenkrupp in Europe is progressing well, he added.

Gross debt fell by ₹1,658 crore to ₹88,601 crore due to repayment and positive impact of forex. It had reserves of ₹22,544 crore consisting of ₹12,681 crore in cash and cash equivalent and ₹9,863 crore in undrawn bank lines.

The company's scrip was up two per cent at ₹684 on Friday.

THE HINDU DATE: 11/2/2018 P.N.11

Gold prices fall on low demand

PRESS TRUST OF INDIA
MUMBAI

After eight straight weekly gains, gold witnessed selling pressure for the week due to slackened demand from jewellers, stockists and traders. The yellow metal cracked below the ₹30,000-mark in the domestic bullion market in the week, triggered by a fall in the international markets.

Silver slumped below the ₹38,000-mark due to reduced offtake by industrial units and coin makers.

Traders said apart from a weak trend overseas, tepid demand from local jewellers at the prevailing levels in the domestic market led to a fall in gold prices.

NAVBHARAT DATE: 11/2/2018 P.N.9

राजस्थान में मिला सोने का बड़ा भंडार

एजेसियां

जयपुर. भारतीय भूवैज्ञानिक सर्वेक्षण विभाग के अनुसार राजस्थान के बांसवाड़ा, उदयपुर जिले में 11.48 करोड़ टन के सोने के भंडार का पता लगाया जा चुका है. भारतीय भूवैज्ञानिक सर्वेक्षण विभाग के महानिदेशक एन कुटुम्बा राव ने बताया कि राजस्थान में सोने की खोज में नई संभावनाएं सामने आई हैं, उदयपुर और बांसवाड़ा जिले के भूकिया डगोचा में सोने के भंडार मिले हैं.



उन्होंने बताया कि राजस्थान में 35.65 करोड़ टन के सीसा जस्ता के संसाधन राजपुरा दरीबा खनिज पट्टी में मिले हैं. इसके अलावा भीलवाड़ा जिले के सलामपुरा एवं इसके आस पास के इलाके में भी सीसा जस्ता के भंडार मिले हैं. राव के अनुसार राजस्थान में वर्ष 2010 से अब तक 8.11 करोड़ टन तांबे के भंडार का पता लगाया जा चुका है.

British steel seeks a post-Brexit future

The U.K's steel industry, unions, politicians seek to prevent a repeat of Redcar, a former steel heartland

VIDYA RAM
LONDON

By the wind-battered seaside of Redcar, a town on England's north-east coast, stands the shell of the former steel works of SSI. Bought by the Thai firm from Tata Steel in 2011, hopes of a stable future were dashed within the next four years, as the site was closed in 2015, with the loss of more than 2,200 direct jobs plus more in the supply chain and beyond.

While concerted efforts to regenerate the area have been made, the impact of the job losses has had a devastating impact on the local economy, which had been a centre of steelmaking for more than 175 years, with many former workers still struggling to find employment, or forced to take on jobs at knock-down wages.

Since then, fears that it wouldn't be the last steel heartland in Britain to collapse have haunted the industry – not least when Tata Steel U.K. put all its U.K. assets up for sale in 2016, prompting a hurried journey to Mumbai by the then business secretary Sajiv Javid.

Five-year breather

Later that year, Tata Steel and the unions agreed on a deal to keep both the blast furnaces open at Port Talbot – the Welsh plant home to its strip steel operations – for at least five years, with a £1 billion investment, in return for changes including the restructuring of the pension scheme. Its long products division has been sold to Greybull Capital and now operates as British Steel Ltd., while its speciality steels business has been sold to Liber-



No repeats: "We are trying to move on in Redcar but it should never ever happen again," says Anna Turley, MP from the town that housed an SSI UK plant, pictured above. ■ GETTY IMAGES

ty U.K. Earlier this year, Tata Steel struck a deal with the U.K. authorities over its pension arrangements which it said was key to a sustainable industry. While global demand has revived, as have prices, few within the industry remain complacent about the future. Earlier this week, Community, a union representing Tata Steel workers, hosted a conference that brought together its members, politicians and industry in an effort to kick-start change, and push for the sector-deal that industry has sought from government. "The past few years have been the toughest the industry has had to face... thousands of jobs have been lost ... it's a reminder of what happens when industry is not properly supported," said the Union's president Jacqueline Thomas.

"The crisis may have left but there are big challenges ahead," said Roy Rickhuss, the union's general secretary who led its cross-union "Save our Steel" campaign in 2016,

in a drive to put steel at the top of the political agenda.

"The crisis was about short-term emergency measures.... and government did listen but where we are now – we are not in crisis but we are not out of crisis – the steel sector is a global sector cyclically – it will suffer a downturn and we don't want to be here in the U.K. at the bottom of the crisis as we were in 2015," says Gareth Stace, the director of industry body U.K. Steel, who submitted an industry-led vision of a steel sector deal to the U.K. government last September, which included industry pledges for significant new capital investment, including in R&D (focus on value-added specialised products is seen as crucial for the industry going forward) in return for further action by the government. Such deals have been struck with other industries, including Britain's auto sector.

Among the industry's biggest asks are measures to tackle high energy prices –

these remain around 50% higher for U.K. industry than they do compared with European competitors including in France and Germany.

"We cannot compete at the moment... it's about cost fundamentally," said Jon Bolton of Liberty Steel U.K., owned by Sanjeev Gupta, and which has been acquiring largely distressed steel assets globally. He called for a level-playing field, as part of the sector deal.

With the uncertainty around Brexit, clarity was key, said Henrik Adam, the COO of Tata Steel Europe, who warned that the industry had been boosted by "artificial" factors – the movement in exchange rates in the industry's favour, and the increase in trade defence measures against dumping from China and beyond.

"That is not there forever – it gives us some time – four to five years, to recover our industry," he said. "It's not about hard or soft Brexit... we need clarity which gives investing parties some form

of security they can rely on."

The future of Britain's trade defence strategy is a growing concern to industry and unions, fearful that Britain – which had in the past blocked some EU efforts to bring in anti-dumping measures – will have a weak system post-Brexit, with recent legislation doing little to allay concerns.

'No evidence of action'

"At least with the EU you are part of a block of 500 million consumers with the power and leverage to stand up even to a giant like China..." said Stephen Kinnock the MP for Aberavon (which includes the Port Talbot works), who believes that under the system likely to come forward, it will be "incredibly difficult" for producers to initiate anti-dumping measures... "Where is the evidence that the government is actually taking the action we need to see?"

Industrial Strategy Minister Richard Harrington sought to reassure industry that it was on the case, pointing to efforts to increase public sector procurement of U.K. steel. The government's industrial strategy provided the obvious opportunity for boosting the steel industry, through a "landmark" sector deal, he insisted. "There are lots of words... what we want is action," said Redcar's MP Anna Turley, whose perspective at the conference offered a very human face to what was at stake.

"We can't let [what happened in Redcar] happen to any other community... we are trying to move on in Redcar but it should never ever happen again."

Short-term outlook is bearish for gold

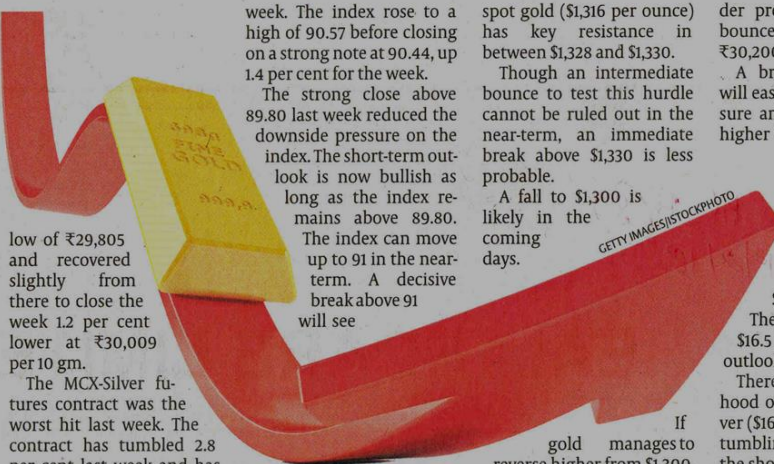
A series of supports can limit the downside and the pace of fall

GURUMURTHY K

Gold extended its fall last week, along expected lines. The global spot gold prices fell for the second consecutive week. The prices spiked to a high of \$1,346 per ounce on Tuesday, but failed to sustain higher. Gold prices reversed sharply lower from the high and fell to a low of \$1,307 before closing the week 1.3 per cent lower at \$1,316. Silver on the other hand fell 1.4 per cent last week and has closed at \$16.36 per ounce.

On the domestic front, the gold and silver futures contract on the Multi Commodity Exchange (MCX) fell, in tandem with the global prices. Weak Indian rupee failed to limit the downside in the contract as the sell-off in the global prices overshadowed the impact of the weak domestic currency.

The MCX-Gold reversed sharply lower after making an intra-week high of ₹30,250 per 10 gm on Wednesday. The contract fell to a



low of ₹29,805 and recovered slightly from there to close the week 1.2 per cent lower at ₹30,009 per 10 gm.

The MCX-Silver futures contract was the worst hit last week. The contract has tumbled 2.8 per cent last week and has closed at ₹37,578 per kg.

Dollar recovers

Recovery in the US dollar index and a strong surge in the US treasury yields kept the bullion prices under pressure all through the week. The US 10 year treasury yields have surged from around 2.7 per cent to 2.85 per cent while the 30 year treasury yields have risen from 3 per cent to 3.15 per cent last week.

The dollar index managed to sustain above 89 and witnessed a strong surge last

week. The index rose to a high of 90.57 before closing on a strong note at 90.44, up 1.4 per cent for the week.

The strong close above 89.80 last week reduced the downside pressure on the index. The short-term outlook is now bullish as long as the index remains above 89.80.

The index can move up to 91 in the near-term. A decisive break above 91 will see

the index extending its upmove towards 92 in the short-term. Strong dollar can continue to keep gold under pressure for some more time and pull the yellow metal prices lower. However, the on-going sell-off in the global equity markets can provide some breather to gold and limit the downside as well as the pace of fall in the bullion prices.

Gold outlook

The short-term outlook for gold is bearish. The global

spot gold (\$1,316 per ounce) has key resistance in between \$1,328 and \$1,330.

Though an intermediate bounce to test this hurdle cannot be ruled out in the near-term, an immediate break above \$1,330 is less probable.

A fall to \$1,300 is likely in the coming days.

If gold manages to reverse higher from \$1,300, a bounce back move to \$1,325 can be seen. But a further fall below \$1,300 will increase the likelihood of the downmove extending towards \$1,290 or \$1,285.

The levels of \$1,300, \$1,290 and \$1,285 are strong supports for gold, which can limit the pace of the current fall and limit the downside. A strong break below \$1,285 is unlikely at the moment.

On the domestic front, the MCX-Gold (₹30,009 per 10 gm) is hovering above a key support level of ₹30,000. The contract can remain un-

der pressure if it fails to bounce and break above ₹30,200 from current levels.

A break above ₹30,200 will ease the downside pressure and take the contract higher to ₹30,700 levels again. But, a decisive fall below ₹30,000 can drag the contract lower to ₹29,400 in the short-term.

Silver outlook

The strong fall below \$16.5 last week leaves the outlook negative for silver.

There is a strong likelihood of the global spot silver (\$16.36 per ounce) prices tumbling towards \$15.5 in the short-term.

MCX-Silver (₹37,578 per kg) has tumbled, breaking the key support level of ₹38,500 decisively.

This level will now act as a strong resistance and will cap the upside if an intermediate upmove is seen. Immediate support is at ₹37,350.

If the contract manages to bounce from this support, a relief rally to ₹38,500 is possible in the coming days. But a strong break below ₹37,350 will see the MCX-Silver contract extending its downmove towards the level of ₹36,500.



MCX Gold

Supports
₹30,000, ₹29,400
Resistances
₹30,200 / ₹30,700

MCX Silver

Supports
₹37,350 / ₹36,500
Resistances
₹38,500 / ₹39,000

Electric vehicles to drive metals market

This may spell the end of the road for biofuels in the medium to long term

G CHANDRASHEKHAR

The advent of electric vehicles (EVs) on the roads is expected to have two significant consequences for the global commodities market. One, EVs are set to boost demand for a variety of metals; two, they could mean the end of the road for biofuels in the medium to long term.

Admittedly, at the moment, the share of EVs in the world automobile market is minuscule. But make no mistake; given the environmental concerns over burning fossil fuels and the as yet unresolved 'food versus fuel' debate (desirability of converting food crops into biofuel), governments are keen to support EVs. The Indian government is no exception.

Without doubt, EVs are becoming an important

source of metals demand because sales of such vehicles have accelerated in recent years. It is estimated that global sales in 2017 may have tested the one million mark. It still represents less than 1.5 per cent of global car sales. But industry experts foresee rapid growth in the years ahead. But other electric vehicles such as two-wheelers, three-wheelers and buses are also on the road, taking the total number of EVs close to the two million mark.

Interestingly, the International Energy Agency (IEA) has estimated that the number of electric cars in circulation (excluding two-wheelers and three-wheelers and buses) will have to reach 20 million by 2020 and about

115 million by 2030 for governments to comply with the Paris Declaration on Climate Change ratified by 173 countries internationally.

Industry experts assert that the electrification of transport vehicles has major implications for metals through power generation, transmission, distribution and storage. Batteries are the largest source of metals demand from the EV sector.

One metal that has immensely benefited from the EV revolution is cobalt. Batteries account for close to 50 per cent of cobalt demand and EV batteries are cobalt-intensive, according to industry experts. EV demand for cobalt has already sent the metal prices soaring. Going by IEA projections, cobalt market fundamentals will tighten soon and prices will rise further.

Copper demand

Another metal most likely to benefit from the rapidly expanding EV sales is copper. Demand for the metal is expected to expand steadily

from the current level of about 100,000 tonnes to well over a million tonnes in a decade.

What's more, power generation, transmission and distribution infrastructure for EVs will be an additional source of demand for copper. With rising electric car sales, the charging infrastructure will also be forced to keep pace and expand.

Over a period of time, nickel will also be increasingly in demand by the EV industry although at present stainless steel demand essentially drives the world nickel market.

Negative for agri sector

With the ongoing EV revolution expected to gather pace, boosting demand for specific metals, the development is expected to be negative for the agricultural sector, especially for crops that are used for production of biofuels.

The so-called 'green fuels' have been in vogue for the last 15 years or so. While ethanol is made from corn, wheat and sugarcane and blended with gasoline, biodiesel is derived from vegetable oils like palm oil and soya oil through a process called trans-esterification and blended with mineral diesel.

More than a decade ago, the US and European countries started to convert food

crops into biofuel with the intention of supporting low farm commodity prices and ensure higher returns for growers, in addition to responding to the overheated crude oil market. Often, government mandates, rather than genuine consumer demand, drove consumption of biofuels in many countries.

With EVs, biofuels will lose one significant demand segment. It would of course be a gradual process, but at the moment the process seems inexorable. This would put enormous pressure on the prices of corn, wheat, sugar and vegetable oils like palm oil, soya oil and rapeseed oil.

Already palm oil — widely used for biodiesel — is under pressure from green activists and palm-based biodiesel is facing challenges, including anti-dumping duty and countervailing duty. There is a campaign for 'palm oil-free' certification in the food market. The outlook for demand for palm oil from the biodiesel industry appears bleak. So, EVs are going to change the dynamics of the metals market and the agricultural market. For select agricultural commodities it would prove negative as a large source of demand is set to wane.

The writer is a global agribusiness and commodities market specialist



Hot and happening

- Cobalt is all charged up since EV batteries are cobalt-intensive
- Power infra for EVs set to boost copper use
- Over time, nickel also to see greater demand by EV industry

Under siege

With EVs, biofuels will lose one significant demand segment, putting pressure on the prices of corn, wheat, sugar and vegetable oils



ISTOCK.COM/NERTHUZGETTY IMAGES/ISTOCKPHOTO

THE BUSINESS LINE DATE: 12/2/2018 P.N.18

Vizag Steel Plant on road to recovery, says CMD

CHRS SARMA

Visakhapatnam, February 11

After facing losses for two years, the Rashtriya Ispat Nigam Limited — Visakhapatnam Steel Plant — is finally set to make operational profit by the end of the current financial year, according to its Chairman and Managing Director, P Madhusudan.

He was reviewing the performance of the plant and said the steel plant had recovered well during the current financial year (2017-18) after two difficult years due to market slowdown and

other contingencies such as the Hudhud cyclone.

"We have achieved a turnaround during the current fiscal after hitting the recovery path in 2016-17. We have reduced the net loss by ₹400 crore to around ₹900 crore and we expect to achieve break-even and a nominal operational profit of ₹100 crore or so by the end of the current fiscal. We expect 2018-19 to be a good year," he said.

Expansion project

Madhusudan said RINL had successfully completed the

expansion project (doubling the original capacity to 6.3 million tonnes) and adding an additional 1 mt by taking up the modernisation project, taking the total capacity to 7.3 mt.

"We have met the entire cost of ₹16,000 crore for expansion and modernisation through internal accruals and loans," he said.

Madhusudan said the prices of coal and iron ore had gone up during the past few months, pushing up the cost of production but still the plant's performance was

good. He admitted that the steel plant's efforts to acquire iron ore mines for captive use had not made much headway during the past few years.

However, the AP government had agreed to allot the iron ore mines in West Godavari district to the plant and a joint venture will have to be formed to exploit the mines.

He said RINL had during the current year taken up coastal shipping of products to Kochi, Mumbai and Ahmedabad.

Cement hits rough patch

OUR SPECIAL CORRESPONDENT

Mumbai: The cement industry is likely to see tepid capacity utilisation in the medium-term because of moderate demand, though affordable housing is expected to have a positive impact.

While some of the companies have reported robust growth in volumes in the fourth quarter of 2017, they have done so on a low base in the same period last year because of demonetisation, analysts said.

According to a note from credit rating agency ICRA, demand has continued to remain weak because of weak real-estate activity, sand shortage and problems related to the GST.

Offtake continued to be weak in the first 8 months of the fiscal, just a marginal increase of 0.5 per cent in November 2017, on a month-on-month basis, at 24.1 million tonnes (mt).

"Based on the current trend, cement demand is likely to report a modest growth of around 2 per cent in 2017-18. Though cement demand registered a

WEAK WICKET

- Demand forecast to grow just 2% this fiscal
- Weak real estate activity a major factor
- Sand shortage also to blame
- GST hits operators
- Affordable housing a growth to have positive impact



year-on-year growth of 17.3 per cent in November 2017, this was primarily due to the base effect arising out of low production of 20.5mt in November 2016, the month when demonetisation was announced," Icra said.

Sabyasachi Majumdar, senior vice-president and group head, Icra Ratings, said demand growth was likely to be driven by a pick-up in housing — particularly affordable and rural housing, and infrastructure segments — and road and irri-

gation projects. However, new project announcements from the private sector continue to remain weak.

During the 8 months of this year, production stood at 190mt compared with 188.8mt in the year-ago period. The marginal rise in production comes after a decline of 3.3 per cent in the first quarter and 0.4 per cent in the next quarter.

"A pick-up in the affordable and rural-housing segments and infrastructure — primarily road and irrigation projects — is likely to help improve the cement demand growth to 4-5 per cent in 2018-19.

"However, Icra expects the capacity overhang and moderate demand growth to continue to keep the industry's capacity utilisation level between 60 per cent and 65 per cent over the medium term," Majumdar said.

Prices in the western and eastern markets are higher by Rs 25-35 per bag in the first nine months of this fiscal over the same period last year. They were almost the same in the north and lower by Rs 10 per bag in the southern markets.

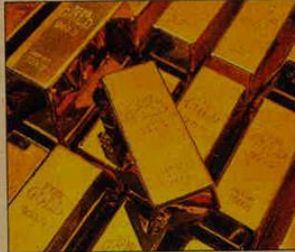
Govt Considering Plan to Allow Gold Imports Under Asean FTA

Sutanuka Ghosal
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Kolkata: The government is looking at a proposal to allow import of gold from southeast Asian countries under the free trade agreement (FTA) between India and the 10-nation Asean, said trade insiders familiar with the development.

If at all it comes through, then importers will be given licences to import gold from Asean countries based on certain criteria that the government is yet to finalise.

"The government may set some criteria for importing gold. Deliberations are currently underway," said Surendra Mehta, national secretary at India Bullion & Jewellers As-



sociation (IBJA), one of the largest associations of gold jewellers and traders in the country. "We are expecting the government to announce some policy measures on import of gold from Asean countries under FTA," he said.

All India Gem & Jewellery Trade Federation (GJF), which represents 300,000 gems and jewellery businesses, however, is

not in favour of allowing gold imports under FTA, saying it will impact domestic gold manufacturing industry and the livelihood of 10 million people.

Last year, some importers were allowed to bring gold under the FTA route from South Korea, which had created a lot of confusion in the market.

Imports from South Korea increased after the government announced 3% goods and services tax (GST) on gold, which became effective on July 1 last year. Cheap gold started entering the country under the FTA, and bullion market witnessed discount of \$20 per ounce on gold, resulting in a huge decline in duty-paid import of gold and paralysing the organised trade, industry sources said.

THE HITAVADA DATE: 13/2/2018 P.N.11

Crude steel output falls to 8.77 MT in January

NEW DELHI, Feb 12 (PTI)

THE country's crude steel production declined marginally by 0.4 per cent to 8.77 million tonne (MT) in January 2018, according to official data. India had produced 8.81 MT of crude steel in January 2017. The output in January this year was lower 0.2 per cent month-on-month.

However, the total output of crude steel during April-January 2017-18 at 84.42 MT shows a growth of 4.2 per cent as compared to 81.08 MT produced during the same period a year ago. The report by Joint Plant Committee (JPC) under the steel ministry further said overall production for sale of total finished steel in January 2018 was at 9.54 MT, up 5.7 per from the year-ago period. During April-January 2017-18, production for sale of

total finished steel stood at 88.59 MT, up 5.3 per from the year-ago period, it said. The overall hot metal production in January 2018 (5.74 MT) was up 6.2 per cent year-on-year and higher 0.6 per cent month-on-month.

During April-January 2017-18, hot metal production was 55.21 MT, a growth of 2.1 per cent over the same period of last year.

India is the third largest producer of crude steel in the world after China and Japan. In 2017, India's crude steel production rose nearly 6 per cent to hit an all-time high of 101.28 MT.

"Between January 1, 2017 and December 31, India crossed 100 MT-mark and produced 101 MT steel," Union Minister Chaudhary Birender Singh had said.

The country is now aiming to grab the second spot, overtaking Japan.

Mine Environment and Mineral Conservation Week concludes

■ Business Bureau

FINAL day function of Mine Environment and Mineral Conservation week 2017-18 was held on 11/02/2018 at MOIL Complex, West Court Lawn, Nagpur. The event is observed every year under the aegis of Indian Bureau of Mines, Nagpur to create awareness on environment and conservation of mineral deposits. M/s Ultra Tech Cement Limited, Awarpur Cement Works hosted the event for 2017-18 to spread the message of conservation of minerals, scientific development of mines and systematic mining.

In connection with environment protection and conservation of minerals, the event was celebrated like a festival. It comprised discussion on mine environment and mineral conservation, prize distribution and cultural activities. The objective of host of events and activities was to promote environment awareness and conservation of minerals. An inspection team, set up by IBM during the celebration of



MEMC week, embraced members from different mines. The team inspected the several mines and evaluated the performance on afforestation, waste dump management, reclamation, top soil management, conservation of minerals, air and water quality management and aesthetic beauty of mines.

Chief guest of the grand ceremony was Ranjan Sahay (Controller General, IBM Nagpur). Patron of the event was Arun Prasad, Regional Controller, IBM Nagpur. The programme was chaired by G Balasubramaniam, Unit Head, Awarpur Cement Works, Ultratech Cement Limited. On the occasion,

Gajendra Singh, FH, Mines, Ultratech, Awarpur Cement Works gave welcome address while Sahay elaborated on several steps taken by IBM Nagpur on different burning issues. S. Tiu, Kewal Krishna, Ashish Mishra, all senior officer in IBM, Soudip Ghosh, Ajay Srivastava, N. S Baghel, A D Kawale, M Bodhe and others seniors executives and staff of the company joined the function.

Neeraj Tripathi and Archana jointly conducted the proceedings of the function while Soudip Ghosh, HOD, Mines, Awarpur Cement Works, Ultratech Cement Limited proposed a vote of thanks.

ArcelorMittal, Numetal in race for Essar Steel

Tata Steel, Vedanta back out; JSW eyes Bhushan Steel

SURESH P IYENGAR

Mumbai, February 12

Laxmi Mittal-owned ArcelorMittal and Numetal Mauritius have placed their bids to acquire the stressed assets of Ruias-owned Essar Steel.

Numetal is 40 per cent owned by Russian VTB Bank along with SSG Capital, Rewant Ruia and a couple of other partners. Rewant Ruia is Essar Group's promoter Ravi Ruia's son.

The deadline for accepting financial bids expired on Monday. It was expected that at least four bidders, including Tata Steel and Vedanta, would put in their bids.

The other contender JSW Steel had already said it was not keen on Essar Steel as it had put in a ₹30,000-crore bid for Bhushan Steel.

ArcelorMittal said its subsidiary ArcelorMittal India Pvt Ltd (AMIPL) has submitted an offer for Essar Steel India in line with the corporate insolvency resolution process.

The offer has set out a detailed industrial plan for Essar aimed at improving its performance and profitability and ensuring it can participate in the anticipated growth of steel demand in India, said ArcelorMittal.

Investment plan

Lakshmi Mittal, Chairman and CEO, ArcelorMittal, said Essar provides a compelling opportunity for ArcelorMittal to enter the high growth Indian steel market. The offer submitted by AMIPL includes a detailed investment plan to address operational issues in Essar, he added.

Aditya Mittal, Group CFO and CEO, ArcelorMittal Europe, said the opportunity aligns with the group's strategy of selectively investing in attractive projects to maximise long-term shareholder value. "India is expected to be the world's fastest growing economy over the next decade and as the economy grows its steel intensity will also increase," he added.

Sources said that the bids could range between ₹28,000 crore and ₹32,000 crore.

Essar Steel, an integrated flat steel producer, has crude steel capacity of 9.6 million tonnes per annum and is operating at 6.1 mtpa due to various constraints. Lenders led by State Bank of India had filed insolvency against the company in NCLT to recover over ₹45,000 crore.

Great Indian sale

Tata Steel is in the process of investing ₹25,000 crore to expand production capacity in its Kalinganagar plant to 8 million tonne from 3 mtpa and has placed ₹24,000 crore bid for Bhushan Steel.

Vedanta has almost bagged another stressed asset Electrosteel Steel for ₹4,500 crore.

Sajjan Jindal-promoted JSW Steel had joined hands with private equity arm of Piramal Enterprises for placing ₹29,700 crore bid for Bhushan Steel with offer to pay ₹28,000 crore upfront and has formed joint venture AION Capital to emerge as lone bidder for Monnet Ispat by agreeing to pay ₹3,700 crore. JSW Steel is also the top contender for Bhushan Power with a bid of ₹13,000 crore.

OTHER CONTENDERS, including Tata Steel & Vedanta's Anil Agarwal, pull out

Numetal, ArcelorMittal in Last Lap in Essar Steel Race

Sangita Mehta & Rakhi Mazumdar

Mumbai/Kolkata: The race for buying the bankrupt Essar Steel boiled down to just two bidders — billionaire Lakshmi Mittal who built his steel empire by buying up bankrupt companies across the globe, and Numetal Mauritius, a joint venture between Russia's VTB Bank and a member of the Ruia clan — Rewant Ruia, said two people familiar with the matter.

Mittal expressed optimism about the Indian steel industry and said it has submitted a detailed plan that would address many of Essar's operational issues that had dragged the firm into bankruptcy.

"The offer submitted on Monday by AMIPL (ArcelorMittal India Pvt Ltd) includes a detailed investment plan to address operational issues in Essar's existing asset



base," Mittal said in a statement. "With our industry expertise and renowned operating prowess, we believe we are uniquely equipped to implement a successful turnaround which would be beneficial to Essar's stakeholders."

Mittal said that Essar will bene-

STEEL INTEREST

Mittal expressed optimism about the Indian steel industry and said it has submitted a detailed plan that would address many of Essar's operational issues that had dragged the firm into bankruptcy

fit immensely from its global expertise: "Essar would also have access to the deep bench of technical expertise and knowledge from across the group which is unparalleled in the steel industry," said Mittal.

Other contenders like Tata Steel

and mining magnate Anil Agarwal of Vedanta Resources pulled out of the bidding process after initial enthusiasm after the asset company became unattractive following a poison pill — the change in ownership of a company that is key for Essar Steel's raw material supply, said those people who did not want to be identified.

A JSW Steel spokesperson said they did not bid for Essar Steel. A Vedanta official said the company is not keen on the bid. A Tata Steel spokesperson said: "We do not have anything to comment."

Both, ArcelorMittal India Private Ltd., and Numetal have deposited Rs 500 crore in the escrow account to convey their interest in Essar Steel. The details of the bids from Numetal and ArcelorMittal is not known immediately.

Lenders, led by the State Bank of India, are looking to recover Rs 49,000 crore from Essar Steel.

TO SET UP UNIT IN GURGAON

Tata Steel Set to Foray into Scrap Processing

Meera.Mohanty
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Bhubaneswar: Tata Steel will venture into scrap processing as it prepares for an era when blast furnaces using coking coal and iron ore are replaced in India. The first of its scrap processing units will be set in Gurgaon to tap the high consumption of automobiles and white goods in the National Capital Region. The steelmaker expects scrap processing to be a ₹1,000-crore business in six to eight years, said Anand Sen, president, TQM & steel business, Tata Steel.

"Scrap so far has been an unorganised sector, with no control over quality, run by middlemen. We see an opportunity to do this in an organised way and hope to have our first unit in Gurgaon operational by the end of this year," said Sen.

The steelmaker's Singapore arm, NatSteel, has a scrap processing facility for its electric arc furnaces. The Gurgaon unit will source, separate, shred and process scrap that can be used as charge in steel production.

"If it works well, we will replicate it in Pune, Sanand and other auto hubs and metro cities," Sen said on the side-lines of the Asia Steel International Conference in Bhubaneswar recently.

The conference, co-hosted by Tata Steel and the Indian Institute of Metals in India, was an opportunity for Asia's steel industry to share experiences and developments in the sector. "Currently, our steel processing requires very limited scrap, only 7-10% of the charge is scrap or



scrap equivalent," said Sen.

One of the primary drivers for Tata Steel to switch from blast furnaces that use coking coal and iron ore to other options such as electric arc furnaces is lower carbon dioxide emissions, said Sen.

Government norms and expectations of international companies to meet their own sustainability targets and cost factors will force steelmakers to switch towards

less-polluting routes. When that happens, Tata Steel would like to be ready with its own scrap inventory.

The company, along with Rio Tinto and support of EUROFER (the European steel association), has developed a steel-making technology at its plant in Holland. The "breakthrough" technology, which is being tested, will allow steel to be made with at least 20% lower carbon dioxide emissions, claims Tata Steel.

The first of its scrap processing units will be set in Gurgaon. Co expects scrap processing to be a ₹1k-crore business in 6-8 years

THE ECONOMIC TIMES DATE: 14/2/2018 P.N.10

CIL E-auction Income Up 38% in First 9 Months

Volumes rose 18.5% to 77 m tonnes, average realisations up 16%

Debjoy.Sengupta@timesgroup.com



Kolkata: State-run monopoly miner Coal India's (CIL) income from e-auctions increased almost 38% to ₹13,350 crore in the first nine months of the current financial year from a year ago.

The volume rose 18.5% to 77 million tonnes while average realisation went up 16% to ₹1,738 per tonne during the period.

According to a Coal India executive, the company's average realisation during the third quarter of the current fiscal was, about ₹1,998 per tonne, up from ₹1,546 per tonne a year ago.

Coal India sold 26.37 million tonnes of coal during the period, earning ₹5,268 crore from e-auction proceeds in the third quarter of 2017-18. In the year-ago period, it had earned ₹3,939

crore by selling 25 million tonnes of coal. The miner hopes to sell close to 100 million tonnes through e-auctions during 2017-18.

"If the average realisation for the fourth quarter remains at around ₹1,998 per tonne and the company manages to sell some 25 million tonnes — the remaining part of the target — income from e-auction during the fourth quarter is likely to be around ₹5,000 crore and CIL's income from e-auction is likely to be around ₹18,350 crore during 2017-18 against ₹14,456 crore in the previous fiscal," said the executive, who did not wish to be identified.

Industry experts said the international demand-supply situation is likely to keep the prices firm.

Massive survey of mineral resources launched

Out of 32 lakh sq.km, 8 lakh sq.km contained mineral-bearing areas in India



Union Minister of Mines Narendra Singh Tomar, Governor E.S.L. Narasimhan and Mines and Geology Minister K. T. Rama Rao at inaugural of Mining Today-2018 at Hitex Centre, Hyderabad on Wednesday • NAGARA GOPAL

SPECIAL CORRESPONDENT HYDERABAD

The Union Government is looking at leveraging the vast mining potential in the country by tapping the resources which hitherto remained untapped.

An aero-magnetic survey was started to identify mine-bearing areas across the country and it covered 7 lakh line km span in the first year. The survey would cover 21 lakh line km over a period of three years. "This is the largest and most intensive survey conducted in any country across the world," Union Mines Minister Narendra Singh Tomar said.

The exercise was necessitated as the country lagged behind in taking up mining which was the second largest employment generation avenue after agriculture.

Mr. Tomar was speaking at the inaugural of Mining Today 2018, an international conference-cum-exhibition, that began here on Wednesday. Of the total 32 lakh sq.km of area in the country, 8 lakh sq.km contained mineral-bearing areas.

Boost to economy

"We have not explored even 1% of the identified area after decades. We can significantly contribute to the GDP and boost the economy if we can take this to about 10%," he said. The Central Government had brought some major amendments to the exist-

ing Acts to ensure mining activity could be taken up with more responsibility and the States too secured their share in the proceeds. The government had introduced e-auction mode for sanctioning mining licences and over 30 mines auctioned through the process fetched revenue of ₹1.35 lakh crore of which ₹1.04 lakh crore would be apportioned as the States' share. "States can utilise these amounts for plugging gaps in health, education and other sectors. They should also come up with proposals for mining activity as the Centre has announced a revenue-sharing model in this direction," he observed. In addition, the Centre had also set up the District Mineral Foundation, a trust which worked for the rehabilitation and resettlement of people affected by mining activity in the respective districts. An amount of ₹13,600 crore had been collected from miners for taking up the relief and rehabilitation activities.

Governor E.S.L. Narasimhan, who inaugurated the conference, stressed on the need for care and caution in exploration of mines besides ensuring that the concerns over the safety and health of mine workers were addressed adequately.

Mine safety

Efforts should be made to ensure transparency in the utilisation of funds under the

KTR makes strong pitch for steel plant in Khammam

New policies hiked revenues

SPECIAL CORRESPONDENT HYDERABAD

Industries and Mines Minister K.T. Rama Rao has made a strong pitch with the Centre for allocation of a steel plant to Telangana in line with the promise made in the A.P. Reorganisation Act, 2014.

Mr. Rama Rao said the State government had made sincere efforts to ensure that the steel plant was set up in Khammam district to fulfil the assurance given to the State.

Consultations were held with the Steel Ministry, NMDC and other organisations concerned and the State explored some 'out of the box options' in this direction. He was speaking at the inaugural of the Mining Today 2018 here on Wednesday, utilised the platform for reiterating the State's request in front of Union Mines Minister Narendra Singh Tomar. He said the State government proposed a

rail line between Bailadilla and the site of the proposed steel plant in Khammam that would give a boost to the steel plant assured to the State.

The Minister elaborated on the policies launched by the State to ensure transparency in mining activities including the e-payment and e-permit systems in addition to the introduction of sand taxis that would curtail the involvement of middlemen in sand mining. "The revenues from mining, returned stunning figures after the launch of the new policies, registered a growth of over 30%," he said.

Mr. KTR wanted the participants to focus on transparency in allocation of leases, safety of miners/mine workers, technology adoption to optimise production and environmental concerns.

DMF to improve the living standards and conditions of the affected people. "Annual reports on the utilisation can be brought out," he said.

Efforts should be made to ensure transparency in implementing the relief and rehabilitation packages for the affected families, especially tribes besides making it mandatory to take up reclamation and afforestation, he opined. "People not fol-

lowing the norms should be penalised. Rules have to be implemented and not confined to the statute book. This is something we have to do," he said.

Union Mines Secretary Arun Kumar, Mining Engineers Association of India president A.K. Kothari, FICCI director general Dilip Cheno, Mining Today 2018 conference chair B.R.V. Susheel Kumar and other also spoke.

Voters irked with parties as coal mining ban hits them hard

■ The ban on coal mining, a major source of livelihood in the coal rich region, has irked the masses. The absence of a clear stand on the issue by political parties has angered them

■ By Abhijit Deb

JOWAI/ SHILLONG, Feb 14 (UNI)

ONE of the key issue in poll-bound Meghalaya, is the ban on rat-hole mining in coal rich region of the State but major political parties are yet to make their stand clear on the issue which has severely dented the economy of the hilly State.

It is almost four years ago since National Green Tribunal banned rat-hole mining of coal in the State. The rat-hole technique entails digging small vertical pits to reach the mineral and carving narrow sideways tunnels to move it underground. It was widely



practised in the coal-rich region, until the tribunal, which deals with matters relating to the conservation of the environment and natural resources, deemed the technique unscientific and illegal. The coal miners in the Jaintia hills in areas like Khelreihit and Ladrymbai are an angry lot. The ban came as a shock to them as at a moment's notice, the entire

coal economy of the State came to a standstill. Across Jaintia Hills, several people associated with the coal trade and the many related businesses that were dependent on the coal mining activities came to a grinding halt. Many coal miners turned bankrupt and the economy of the State took a deadly blow. "It was a bolt from the blue we never thought something

of this could have happened. For ages, we were mining coal in our indigenous way. Government did nothing and now we are virtually on roads," a coal miner from Ladrymbai said. In Meghalaya, a sixth schedule State, tribal people feel that they have rights over its abundant coal reserves and the Indian State's coal mining rules do not apply to them. But the Coal Mines (Nationalisation) Act, 1973, is in direct conflict with the sixth schedule clause, which lists coal mines as being under its purview. And here lies the catch, coal miners and people associated with coal trade are now questioning State Government's role into the whole process.

"Government couldn't present the case properly in court of law in regard to traditional method of mining. Congress Government at State is responsible for the whole mess we are in now," a coal businessman said.

In the run-up to the Assembly there is little that seems to matter more than coal to people.

Aero magnetic survey to assess mining potential

Centre asks States to identify potential sites

V RISHI KUMAR

Hyderabad, February 14

In one of the biggest such initiatives ever attempted, India has embarked on a project to cover 21 lakh line kilometres through an aero magnetic survey aimed at assessing the potential of mining resources in the country.

With barely one per cent of the potential available mining area of 8 lakh sq km in the country being currently exploited, the Union Mining Ministry is looking at stepping this up by offering more mines through auctions in league with States.

'Vital for economy'

Union Mines Minister Narendra Singh Tomar said, "The government is keen to see the contribution from the mining industry going up as it has potential to significantly boost the country's GDP. The Centre will

back States in this initiative and call upon them to come up with potential areas for auction."

Speaking at the Mining Today 2018 conference being hosted here, the Union Minister said the Narendra Modi government has initiated a move to auction mining rights and this has been extremely successful as it removed all discretionary powers.

This has resulted in generating revenues of over ₹1,35,000 crore and of this, ₹1,04,000 crore has been set apart for States.

Significantly, ₹13,600 crore collected from the mining industry has been earmarked for taking up relief, welfare measures and rehabilitation in the mining areas of the country. The money from this will be transferred directly to districts where mines are located, he said.

Mining potential

Explaining the importance of the mining industry in the country's development and economy, the Minister said that of



(from left) Union Minister for Rural Development, Panchayat Raj and Mines Narendra Singh Tomar, Governor of Andhra Pradesh and Telangana ESL Narasimhan, Telangana Mines and Geology Minister KT Rama Rao, and Principal Secretary (IT), Telangana, Jayesh Ranjan, at Mining Today, an international conference-cum-exhibition, at Hitec Centre in Hyderabad on Wednesday NAGARA GOPAL

the total 32 lakh sq km total area in the country, as per estimates, about 8 lakh sq km has

potential for mining. Of this, barely 1 per cent is currently utilised.

"Imagine what this could do to the country's economy, if the mining goes up to say 10 per

cent of the potential area," he said. Tomar said mining is one of the biggest employment generators in the country after agriculture and construction sectors and its growth will have a major bearing on the economy and the potential to create jobs.

The Minister said that at least three mines are getting ready in Telangana with potential to auction them. "We are keen to encourage States in their efforts to offer mineral resources," he said.

Chhattisgarh example

Citing the example of Chhattisgarh, he said mining was a major contributor to the State's economy there. However, there is another State (without naming it), he said which has highest resources in iron ore, coal and other minerals, but yet to tap its potential.

"We need to work collaboratively to ensure success of the mining sector in a responsible manner without causing damage to environment," he said.

Iron-ore mining lease: Goa in a spot after trying to bypass law mandating auction

Lobby appeals to save industry after Supreme Court cancels 88 iron-ore mining leases

OUR BUREAU

Kolkata, February 14

The latest Supreme Court order cancelling 88 iron-ore mining leases in Goa, with effect from March 16, has found the BJP governments both at the Centre and the State in a difficult spot.

According to reports from Goa, quoting Chief Minister Manohar Parrikar, the Prime Minister's Office has sought a detailed report from the State government on the possible economic impact of the Supreme Court order.

The PMO's intervention coincided with the mining lobby's frantic appeals to the State to save the industry from closure. On Tuesday, the Goa Mineral Ore Exporters Association (GMOEA) wrote to Parrikar citing huge loss of revenue and livelihood if the order is implemented.

In its February 8 order, the court held the State for not following the due process in renewing 88 mining leases for 20 years with retrospective effect from 2007.

The leases were renewed (by the BJP government in Goa) barely a week before the Narendra Modi government at the Centre brought out the Mines and Minerals (Development and Regulation) Amendment Ordinance on January 12. The ordinance

was later passed by Parliament.

The court wants the State government to grant fresh mining licences as per the Act.

'A naive action'

According to industry experts, given the precedence of the coal block de-allocation order, there is not much scope for the State to avoid implementation of the latest order.

Speaking on condition of anonymity, at least two mining officials held the State squarely responsible for the fiasco.

According to them, the court has been taking measures against irregularities in the iron-ore mining sector across the country for many years now, and it was naive of the Goa government to assume it could bypass the auction route for lease renewal (as recommended in the MMDR Act).

One official pointed out that the 2015 Act has a clause for automatic renewal of lease for five years (till 2020) to the running merchant mines.

"There was no need for the State government to rush when the MMDR Act was in the coming. By trying to outsmart the law, they pushed the entire industry into trouble," said a senior official of a mining company.

Jayanta Roy, Senior Vice-President of ICRA, pointed out that all the iron-ore mines in the country should follow the same terms and conditions as mentioned under the MMDR Act.