



खनिज समाचार

KHANIJ SAMACHAR

Vol. 2, No-8

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खनिज समाचार

KHANIJ SAMACHAR



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INDIAN BUREAU OF MINES

VOL. 2, NO-8, 16th –30th APRIL, 2018

BUSINESS LINE
DATE: 16/4/2018 P.N.8

Metals (\$/tonne)	Change in %				52-Week	
	Price	Weekly	Monthly	Yearly	High	Low
Aluminium	2292	13.4	10.1	20.9	2325	1855
Copper	6797	1.0	-1.7	20.1	7216	5462
Iron Ore	62	1.6	-6.3	-13.0	81	54
Lead	2306	-3.5	-3.6	3.0	2683	2030
Zinc	3106	-3.9	-5.6	19.0	3619	2434
Tin	21105	0.1	-0.5	7.7	22104	18867
Nickel	13897	5.1	0.5	43.3	14150	8710

BUSINESS LINE
DATE: 30/4/2018 P.N.8

Metals (\$/tonne)	Change in %				52-Week	
	Price	Weekly	Monthly	Yearly	High	Low
Aluminium	2222	-10.5	10.1	16.0	2603	1855
Copper	6759	-2.8	2.3	19.2	7216	5462
Iron Ore	64	-0.8	3.6	-1.7	81	54
Lead	2345	-0.5	-2.6	5.7	2683	2030
Zinc	3127	-3.0	-4.9	20.7	3619	2434
Tin	21041	-4.6	0.5	5.7	22104	18867
Nickel	13831	-6.4	6.8	48.9	15720	8710

Demand-supply mismatch to impact copper

From a deficit, the market could move into a surplus if demand doesn't hold up

G CHANDRASHEKHAR

Copper prices have, of late, come under pressure, despite relatively friendly fundamentals. A weakening dollar, smaller deficit and no significant let up in demand ought to have pushed prices up. On the contrary, the price of the metal has actually declined by about 7 per cent from the peak in mid-February.

The fall can be attributed to escalating geopolitical tensions triggered by protectionist tendencies and risk of retaliatory action. Investor sentiment towards industrial commodities, including copper, is seen weighing on market prices. This is evidenced by a sharp decline in net long futures position in the bourses.

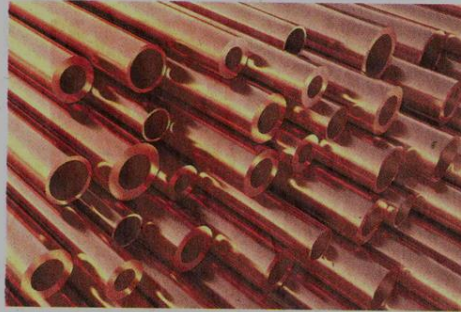
At the same time, copper stocks at the various ex-

changes have been rising since the start of this year, which, as some analysts interpret, may point to lacklustre demand.

However, economic activity in China — the world's dominant producer and consumer — in the first two months of the year has been healthy and copper imports into the country have actually risen. In other regions too, especially in the euro-zone and in India, demand for the metal has been resilient, according to industry representatives.

At the same time, China's restrictions on copper scrap imports may weigh on demand for the metal; but there are huge uncertainties associated with the policy.

So, the trajectory of copper prices will be determined by the growth in Chinese demand. There are already



ISTOCK.COM/AXE_OLG

warning signs. Grid investment — a key demand segment — is slowing and so is housing sales growth.

Excess supply

From the supply side, both mine supply and refined production are set to rise. While mine output is poised to expand to 20.7 million tonnes, refined production, too, is set for an increase to 24.3 ml t. However, labour disputes and

mine strikes, particularly in Latin America, present recurring threat to supplies.

As some observers warn, the copper supply chain is susceptible to disruption, notably from industrial action and from tighter environmental regulation.

Interestingly, from a smaller deficit anticipated earlier, the market could actually get into a surplus, if demand does not hold up well. At the

same time, any supply-side disruption can quickly wipe out the surplus, if any.

Scrap will play an increasingly important role this year, too. Last year, the price rally brought out huge quantities of scrap into the market that boosted secondary production.

A recent factor driving interest in the copper market is the unfolding electric vehicle (EV) story. But, clearly, the EV saga is just beginning and it is a medium-term play.

Price outlook

In a situation of subdued growth in demand and modest upturn in supply, copper prices have the potential to fall from the current levels of \$6,750 a tonne to around \$6,500 a tonne towards the end of the year, subject to all the uncertainties in supply.

If supplies are disrupted for any reason, the market can move up rapidly to \$8,000 a tonne.



Really?

India's copper scrap imports are about 170,000 tonnes, worth approximately ₹4,500 crore

Geo-political tensions to boost gold

GURUMURTHY K

Gold prices surged in the past week as expected, but the rally was short-lived. The global spot gold prices rose to a high of \$1,365 per ounce and came off sharply from there, giving back most of its gains made during the week.

The release of the US Federal Reserve's minutes of its March meeting triggered the sudden reversal in gold. The minutes acknowledged the further strengthening of the US economy and the rise in inflation. This triggered a sharp pull-back in gold prices on the back of profit booking.

Gold tumbled to a low of \$1,333 on Thursday, but managed to bounce back from there to close at \$1,334 per ounce, up 1 per cent for the week.

Silver outperformed gold last week by surging 1.7 per cent. The global spot silver prices closed at \$16.55 per ounce last week.

The intensification of geo-political tensions, after Friday's missile attack on Syria, is likely to nudge gold prices to move higher.

On the domestic front, weak rupee limited the loss in the gold and silver futures contract traded on the Multi Commodity Exchange (MCX).

The MCX-Gold futures contract made an intra-week high of ₹31,562 per 10 g and has come off from there to close at ₹31,118 per 10 g, up 1.38 per cent for the week.

The MCX-Silver futures contract, on the other hand, was up 1.8 per cent last week. It has closed at ₹38,927.

Gold outlook

The global spot gold (\$1,333 per ounce) has immediate support in the \$1,330-\$1,325 region. Trading above this support zone, a rally to the \$1,360-\$1,370 resistance zone is possible this week.

Inability to breach \$1,370 can drag the prices lower to \$1,330 or \$1,325 again. A break below \$1,325 will increase the likelihood of the fall extending to \$1,310.

But if gold breaches \$1,370 on the back of the ongoing geo-political tensions, it can gain fresh momentum. Such a break will pave way for the next target of \$1,405.

The MCX-Gold (₹31,118 per 10 gm) futures contract has immediate support at ₹31,000 and resistance at ₹31,330. The bias remains bullish for the contract to sustain above ₹31,000 and break above ₹31,330 in the coming days. The next target is ₹32,000.

The outlook will turn negative only if the contract breaks below the support at ₹30,850. Such a break, though less likely, can take the contract lower to ₹30,500.

MCX-Gold

Supports:

₹31,000/30,850

Resistances:

₹31,330/32,000

Silver outlook

The global spot silver (\$16.65 per ounce) retains its \$16.1-\$17 sideways range. A breakout on either side of \$16.1 or \$17 will decide the next move. A strong break above \$17 can take it to \$17.5. On the other hand, a break below \$16.1 can drag silver to \$15.5.

The MCX-Silver (₹38,927 per kg) has a key support at ₹38,500. As long as it remains above this support, the outlook is bullish for it to target ₹40,000 and ₹40,200 in the coming days.

The near-term view will turn negative for a fall to ₹38,000 and ₹37,850 if the contract breaks below the level of ₹38,500.

MCX-Silver

Supports:

₹38,500/38,000

Resistances:

₹39,500/40,000

Electrosteel Steels RP Fined for Neglecting Creditor Claims

IBBI orders Dhaivat Anjaria to pay a fine amounting to one-tenth of fees for failing to include the claims made by an operational creditor



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Mumbai: The bankruptcy regulator levied a penalty on Electrosteel Steels resolution professional Dhaivat Anjaria, who is backed by consulting firm PWC, for neglecting the claims made by an operational creditor.

The Insolvency and Bankruptcy Board of India (IBBI) has ordered a fine of one-tenth of the amount of fees that is payable to him as RP of Electrosteel Steels within 30 days of the order.

IBBI order said ideally the penalty on Anjaria for the viola-

tions would be three times the loss caused to the person concerned. However, considering Anjaria is new as an insolvency professional, The Insolvency and Bankruptcy Board of India said "a penalty equal to one tenth of the total fee payable to him as IRP and RP in the CIRP of Electrosteel Steels would meet the ends of justice."

Anjaria invited claims on August 4, 2017, and an operational creditor M/s National Sales had submitted a claim on August 16 which the RP did not include in the list of claims nor did he justify the rationale to the claimant. The RP neglected the claim when

the claimant resubmitted the claims on October 3.

On receiving a complaint from the operational creditors, IBBI sought clarifications thrice from Anjaria between November 17 and January 3. However, "he failed and neglected to respond to three communications of the Board and the resolution plan was to close

IBBI order said Anjaria has been fined much less than the penalty normally reserved for such a neglect as he is still a new RP

on January 16, 2018," IBBI said. On January 29, a show-cause

notice was issued seeking explanation on "why disciplinary action should not be initiated against him for failure to respond to the clarifications sought through various mails by IBBI".

Anjaria responded saying that the claim was subject to ongoing proceedings.

He admitted the claim after seeking approval from the adjudicating authority seeking guidance on the admission of disputed claims which were admitted on January 25.

The claim of ₹72 lakh would have meant a penalty of almost more than ₹2.1 crore. However, Anjaria would only be required to pay

a tenth of his fee.

This is not the first time since the execution of the IBC that a resolution professional has had to face the authorities' wrath for acting in a negligent way. The Aditya Birla owned UltraTech had also filed a petition in the NCLT against the RP of Binani Cement, Vijaykumar Iyer, alleging that the bidding process of the asset was done in a "non-transparent way."

Accordingly, the insolvency tribunal had asked the RP to appear in court in person to answer questions on the bidding process. The matter is still awaiting final orders in the Kolkata bench.

19 कोयला खानों की नीलामी करेगी सरकार

एजेंसियां

दिल्ली. कोयला खान नीलामी 2 बार रद्द होने के बाद सरकार बोली लगाने वालों को कुछ और छूट देने पर विचार कर रही है और चालू तिमाही में उसकी योजना 19 ब्लॉकों की बिक्री करने की है. पिछले साल बोलीदाताओं से खराब प्रतिक्रिया मिलने के बाद सरकार ने नीलामी के पांचवें दौर को रद्द कर दिया था. कोयला सचिव सुशील कुमार ने कहा हां हम कोयला ब्लॉक नीलामी के अगले दौर के इच्छुक हैं.



शायद यह सही समय है इसलिए इस तिमाही में कोयला ब्लॉक नीलामी होनी चाहिए. उन्होंने कहा कि 19 ब्लॉक में से 6 ब्लॉकों की पहचान इस्पात क्षेत्र के लिए की गई है जबकि अन्य 13 ब्लॉकों को सीमेंट, स्पंज आयरन और बिजली जैसे गैर-विनियमित क्षेत्रों के लिए चिह्नित किया गया है. कुमार ने कहा कि हम इस बात पर विचार कर रहे हैं कि बोलीदाताओं को क्या छूट दी जा सकती है, जिससे इस दौर की नीलामी को पर्याप्त प्रतियोगिता और पारदर्शिता के साथ सफल बनाया जा सके.

THE ECONOMIC TIMES
DATE: 16/4/2018 P.N.11

NPAs in Q4 to Rise by Rs 8k cr Due to Gitanjali

New Delhi: Non-performing assets (NPAs), or bad loans, in the banking sector are set to shoot up by at least ₹8,000 crore as advances to the scam-hit Gitanjali Gems group have turned bad during the quarter ended March 31.

Banks will have to make provisioning of Rs 8,000 crore for Gitanjali alone as there has been no servicing of the working capital loan during the fourth quarter of last fiscal, sources said.

Gitanjali, among others, is the major account which has turned bad in the fourth quarter of 2017-18.

Gross NPAs of all the banks in the country amounted to Rs 8,40,958 crore in December, led by industry loans followed by services and agriculture sectors, as per the government estimates.

Gitanjali is promoted by Mehul Choksi, uncle of billionaire diamondaire Nirav Modi, who defrauded Punjab National Bank (PNB) of over Rs 13,000 crore by getting fake Letters of Undertaking/Credit (LoU/LoCs) issued from one of the bank's branches in Mumbai.

A special CBI court in Mumbai has issued non-bailable warrants (NBWs) against Modi as well as Choksi.

Russian Co ALROSA Plans Own Diamond Brand Here

May follow Rio Tinto with Nazraana and De Beers with Forevermark brands

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Kolkata: Russian diamond mining major ALROSA is setting up base in India at a time when the gem and jewellery industry is fighting the fallout of the ₹13,700-crore Nirav Modi-PNB scam and has drawn up plans to launch its own brand of diamonds in the lines of Rio Tinto's Nazraana and De Beers Forevermark.

"Initially, we are setting up our base at Bharat Diamond Bourse and we will expand as our business grows in India. We will handle our existing customers and acquire new clients. We will also actively get involved with the industry in preventing synthetic diamonds entering into India," Jim Vimadalal, director, ALROSA India, told ET.

ALROSA, a global leader in rough diamond mining, accounts for about 30% of world diamond production. It conducts mining operations in several locations across Russia — in the Republic of Sakha (Yakutia) and the Arkhangelsk region. In 2017, the miner produced 39.6 million carats of rough diamonds. India ac-

counts for 16% of ALROSA's rough diamonds sales.

Vimadalal said ALROSA has drawn up plans to launch its own brand of diamonds for the Indian market to be launched in 2019 or 2020.

"To a certain extent, customers are worried. The April-July sales are expected to be on the lower side. But eventually it will bounce back. We are aware that banks are asking for higher collaterals for funding the gem and jewellery sector. We are open to the idea of providing assistance to the banks, if at all they want to share some insight about the trade and market scenario which may help them in lending to the sector," Vimadalal said, commenting on the market scenario after the Nirav Modi-PNB scam surfaced.

In February, just after the ₹13,700 crore fraud case surfaced, exports of cut and polished diamonds from India dropped 6.11% to 30.68 lakh carats. However, for the period April 2017 to February 2018, exports of cut and polished

diamonds are up by 9.94%.

Asked whether ALROSA has sought for presumptive tax structure with the government for trading of diamonds at the special notified zone (SNZ) in Bharat Diamond Bourse, Vimadalal said a team from ALROSA has already made a presentation to the government.

At present, diamond manufacturers can view diamonds from miners such as Rio Tinto, De Beers, ALROSA and others at the SNZ and bid but they cannot procure it locally. They have to buy diamonds from Belgium, Dubai, Singapore and Russia despite successful bidding at the SNZ. If they could buy rough diamonds on the spot, their transaction cost would go down.

The industry feels the government should come up with a tax structure in line with Belgium's carat tax for miners. Carat tax is a clear and predictable fiscal regime applied to the diamond trading companies. The regular corporate tax rate — or income tax rate for natural persons — is levied on taxable income that is calculated on the basis of a lump sum margin instead of on the actual margin that is realised.

"But Indian tax authorities want to enter into advance pricing arrangement and fix the tax rate. Miners don't agree to this, as they fear that tax outgo may hurt them in those years when business is not good," said Sabyasachi Ray, ED, Gems and Jewellery Export Promotion Council.

Binani: SC Order a New Opportunity

NCLT process must provide for the highest bid

When Binani Cement moved the Supreme Court seeking to exit the resolution process under the Insolvency and Bankruptcy Code (IBC) overseen by the National Company Law Tribunal (NCLT), the court made it clear that the law does not permit forum shopping: once the company has entered the NCLT process, it must complete that process. This, in our view, is entirely in agreement with the spirit of the IBC. However, the procedure that has been followed for resolution under the IBC stands exposed as being flawed. The procedure was incapable of discovering the highest valuation for the asset being auctioned. A value higher than the highest discovered under the IBC process was offered for the distressed company outside the IBC process, to enforce which Binani approached the Supreme Court.

The way ahead is clear. The IBC process must be amended to realise the public policy goal in resolving a bad asset: secure the highest value for the asset being resolved,



so that the creditors of the bankrupt company realise their dues, and if there is anything left after paying off all secured and unsecured creditors, the shareholders, too, get back some part of their capital. Realising the highest value for the asset is crucial to minimise the bank-recapitalisation burden

on the exchequer and the taxpayer as well as to incentivise optimum use of the asset by the buyer who invests to acquire the asset. The way to realise the public policy goal in resolving bad assets is to dump all scorecards in evaluating bids and be guided solely by the price being paid. And the price discovery should be through continuous bidding until all save one bidder drops out, as is done in spectrum auctions.

The IBC is a crucial instrument in ridding the economy of crony capitalism. It is a new law and some procedural improvements will be found necessary during its implementation. The NCLT should adopt such improvements, not be bound by a rule whose flaws have been demonstrated. It should not set an unhappy precedent. Let the bidding begin afresh for Binani within the NCLT framework.

BUSINESS LINE DATE: 16/4/2018 P.N.16

Govt plans to auction 19 coal mines this quarter

PRESS TRUST OF INDIA

New Delhi, April 15

After the cancellation of the auction of coal mines, the government is exploring certain relaxations for bidders, and plans to put on sale 19 blocks in the current quarter, a top official has said.

The government had last year annulled the fifth round of auction on account of poor response from bidders.

"Yes, we are wanting to do the next round of coal block auction. This is probably the right time," said Coal Secretary, Susheel Kumar.

"So in this quarter, it [coal block auction] should happen," he added.

Of the 19 blocks to go under the hammer, six have been identified for the steel sector,

while the remaining 13 mines are for non-regulated sectors such as cement, sponge iron and captive power, he said.

In order to attract more bidders and make successful the next round of auctions, the Coal Ministry is also looking at providing certain relaxations but subject to adequate transparency and competition.

"We are just looking at what relaxations can be given so that this round of auctions succeed subject to obviously adequate competition and adequate transparency. Those are non-negotiable principles. So subject to that if we can give some relaxations so that there are more bidders. That's what we are exploring," said Kumar.

Crude steel output up 3.6% in March

PRESS TRUST OF INDIA

New Delhi, April 15

India's crude steel output grew 3.6 per cent to 9.07 million tonnes (MT) during March, according to official data.

The country had produced 8.76 MT crude steel during the same month a year ago.

SAIL, RINL, TSL, Essar Steel ,

JSWL & JSPL together produced 5.46 MT and the rest came from other producers, Joint Plant Committee said in a report.

The data shows state-run SAIL's contribution to the country's overall output during March increased to 1.40 MT from 1.27 MT in the year-ago period.

NAVBHARAT

DATE: 16/4/2018 P.N.11

कच्चे इस्पात का उत्पादन बढ़ा

दिल्ली. देश का कच्चे इस्पात का उत्पादन मार्च 2018 में 3.6 प्रश बढ़कर 90.7 लाख टन रहा है. संयुक्त संयंत्र समिति ने एक रपट में कहा है कि मार्च 2017 में कच्चे इस्पात का उत्पादन 87.6 लाख टन रहा था. रपट के अनुसार आलोच्य महीने में सेल, आरआईएनएल, टीएसएल, एस्सार स्टील, जेएसडब्ल्यूएल व जेएसपीएल ने मिलकर 54.6 लाख टन उत्पादन किया जबकि बाकी उत्पादन अन्य कंपनियों से आया.

Support caps the downside in MCX Aluminium

GURUMURTHY K

BL Research Bureau

The aluminium futures contract on the Multi Commodity Exchange (MCX) skyrocketed 12 per cent to record a high of ₹155.75 per kg on Friday. This sharp rally was triggered after the US announced sanctions on Russian individuals, officials and companies, including Rusal - a top aluminium producer.

Though the contract had come-off from this high, the downside was limited as it found good support around ₹150. It made a low of ₹149.25 and has reversed higher again. It is currently trading at ₹153/kg.

Near-term positive

As long as the contract sustains above ₹150, the outlook will remain positive.

A strong break above the immediate resistance at ₹154 can take the contract higher to ₹155

or ₹156 again. Further break above ₹156 will then increase the likelihood of the rally extending towards ₹160 or even higher levels.

The outlook will turn negative only if the contract breaks below ₹150 decisively. Such a break can drag the contract lower to ₹145 or ₹143 in the short-term.

Trading strategy

Though the contract remains above ₹150, the possibility of a corrective fall cannot be ruled out still. Traders with high risk appetite and a contrarian view can go short on a break below ₹150. Stop-loss can be placed at ₹153 for the target of ₹146. Revise the stop-loss lower to ₹148 as soon as the contract moves down to ₹146.5.

Note: The recommendations are based on technical analysis.

There is a risk of loss in trading.

NCLT Clears Vedanta Bid for Electrosteel Steels

Electrosteel Steels is first co in defaulter list to walk out of bankruptcy court with a resolution plan

Our Bureau

Kolkata: Electrosteel Steels is set to become the first in an initial list of big defaulters to emerge from bankruptcy proceedings, with the National Company Law Tribunal approving a resolution plan for the company proposed by Vedanta.

This paves the way for the acquisition of Electrosteel Steels by the local unit of London-listed Vedanta Resources, the process for which is likely to be initiated shortly. The deal requires also formal clearances from the

Competition Commission of India and the Securities and Exchange Board of India, which are likely to come in the next one to two months.

A monitoring committee comprising representatives of lenders and Vedanta executives has been formed to manage the day-to-day affairs of the steelmaker, a job that was previously handled by Dhaivat Anjaria, the resolution professional appointed to manage the company's debt problem. A team from law firm Shardul Amarchand Mangaldas, led by its national practice head of banking and finance Sapan Gupta, had advised Anjaria in handling the affairs at Electrosteel Steels.

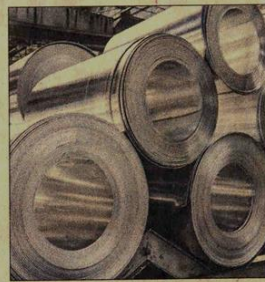
The Vedanta Group said it would make all efforts to turn the stressed asset around at the earliest.

The acquisition marks metals major Vedanta's growing interest in the steel sector. While it has a sizeable presence in copper, zinc and aluminium

and a toehold in iron ore mining through its Sesa Goa operations, acquisition of Electrosteel Steels will provide Vedanta a significant manufacturing presence in the sector. Vedanta has also bid for Essar Steel, the largest of the stressed steel assets, indicating its relatively newfound focus on the steel sector.

Electrosteel Steels owes nearly ₹11,000 crore to its lenders and was among the dozen large corporate accounts identified by the Reserve Bank of India in June last year to initiate proceedings against under the Insolvency and bankruptcy Code. Its dues to State Bank of India alone amount to ₹5,000 crore. A top legal source close to the company's lenders said they were taking a 50% haircut — which means the lenders will get only half of what the company owes them.

Earlier, Vedanta had emerged as the highest bidder in the race for Electrosteel Steels with a ₹4,500 crore



resolution plan. Others in the fray included Tata Steel, Edelweiss Alternative Asset Advisors and Renaissance Steels. Vedanta subsequently improved its offer to nearly ₹5,300 crore. This includes infusion of working capital and an equity portion to the lender banks, the source added. The resolution plans calls for retention

of 8,000-odd employees and workmen of the company and full payment of their dues.

On March 30, the committee of creditors to Electrosteel Steels chose Vedanta as the highest bidder, backing the earlier decision of the resolution professional. The committee, led by the SBI, rejected the contentions of Renaissance Steel that had questioned the eligibility of Vedanta and Tata Steel as bidders in the bankruptcy process.

Since the resolution application has been approved, the eligibility issue is subsumed, a legal source connected to the developments said. The contempt issues, however, remain and this may impact the plan so it will have to be dealt with in due course, the source added. Electrosteel Steels, which was founded by the Kejriwals, operates a 2.5-million-tonne steel plant at Siyaljori in Jharkhand's Bokaro district.

Supply woes drive aluminium to 6-year high; Nalco to gain, too

BLOOMBERG

April 17

The US sanctions on United Co Rusal that have sent aluminium prices surging should be great news for rival producers like Rio Tinto Group.

While Rio is the top miner of bauxite, the raw material that becomes aluminium, its dependent on Rusal for a key intermediate step in the process — the conversion of bauxite into alumina. Rusal's refining operations, which stretch from its Aughinish plant in Ireland to operations in Jamaica, are a vital cog in a global interlocking supply chain that's now been thrown into chaos.

Smelters benefit

As producers like Rio hunt for new buyers for their bauxite and sources of alumina to feed smelters, the global choke point created by the sanctions means that many of the miners, refiners and

smelters that should be benefiting from surging prices are actually facing challenges just to keep their operations running. For aluminium smelters, suspending operations is a worst-case scenario and restarting is very expensive.

Rio, the world's second-largest aluminium producer outside China after Rusal itself, is evaluating what shipments or supplies it can reroute and assessing its stockpiles, according to a person familiar with the situation.

"The market will remain very tight while long-term buyers of Aughinish look for potential solutions," said Anthony Everiss, a senior consultant at CRU Group. "It's a pretty nightmarish scenario for them. There's not that much on offer in the Atlantic to fill that gap."

Alumina prices have already rocketed, jumping by more than a quarter in the last week and heading for a re-

cord. Prices have been driven higher by a combination of the sanctions on Rusal, which was said to have declared force majeure on some shipments of the commodity Thursday, and production cuts at Norsk Hydro ASA's giant Alunorte alumina refinery in Brazil, the world's biggest. Force majeure allows contracts to be left unfulfilled.

Nalco sales up

India's State-owned National Aluminium Co. is already seeing the benefit. The producer said it sold a 30,000-tonne cargo of alumina in a tender last week at \$601/tonne, the most its sold a shipment for in 12 years. That is enough to make 15,000 tonnes of aluminium.

Aluminium surged to a six-year high on Tuesday, with prices rising as much as 1.5 per cent to \$2,435/tonne on the London Metal Exchange, the highest intra-day price since September 2011.

Canada's Fura Gems may bid to mine diamond in M.P.

OUR BUREAU

Mumbai, April 18

Canadian stock exchange-listed Fura Gems Inc plans to bid for diamond mining at Bunder in Madhya Pradesh. The State government is expected to call for bids in the next two months.

Interestingly, Rio Tinto, the world's largest mining company, had invested about \$90 million on exploring the diamond mine for the last 12 years and had given it back to the government in February due to delay in getting various statutory approvals.

Dev Shetty, President and CEO, Fura Gems, said after working on the project for nine months the company had a

meeting with the government officials recently and is confident that it will come up for auction in the next two months.

"If we succeed, the project would require about \$50 million at the exploration stage in the first year and would turn cash-positive in two years," he added.

The mine has about 35 million carat of diamond reserves and the initial mining plan is about 1.5-2 million carat per annum, he added.

As a part of expansion strategy, Shetty said India is one of the top three markets for the company and will be working closely with the central and State governments given its experience in colour gemstones.

Global excellence can be a 'steel'

India can become a global leader in steel on the base of sound technology, logistics and enabling environment

ATANU MUKHERJEE

India's growing economic dynamism requires a productive and best-in-class steel industry that will help push growth to the 8-10 per cent region. On one hand, we are seeing tempering of demand in countries such as China, slow abatement of global over-capacity and de-intensification of steel in the economies. On the other, we see India sitting on the cusp of steel industry growth.

Technology, productivity, economics and policy will play the determining role in establishing India as one of the most productive steel-producing nations in the world. However, that does not mean that India should set its ambitions to rival China in capacity. Nor does it mean that we devote our energies to claim bragging rights in producing value added specialised steels – unless of course strategic considerations for the nation demand it.

India is an independent, progressive, steel-producing nation with its own vast opportunity, its own unique needs and its own set of challenges. By combining our own innovation capacity, our natural endowments, international and national technical know-how, international trade and enabling industrial policy we can engineer the most desirable and productive steel industry for our markets.

Our foundational principles for the steel industry therefore, must be based on sound technology and economics, where private enterprise, innovation and well-functioning markets that are constructively regulated, provide the highest social, business and trade returns.

Firstly, it is time that India starts looking at realigning its focus from capacity and production to engineering intelligent, productive, resilient and environmentally friendly capacities for the future. We need to think in terms of flexible and agile steel plants, not the

just the largest and the most repeatable. The flexibility to combine blast-furnace, direct reduction, arc-furnace and BoF technologies; the ability to add incremental capacities at low incremental cost; and the flexibility to complement with clean coal energy sources like coal gasification can make steel at the lowest cost, with the lowest carbon footprint and with sustained profitability and returns.

Such combinations, if designed right, give you unprecedented flexibility in capacity, raw materials and quality. This allows one to operate the plants in uncertain and evolving environments at the least cost, even as market conditions change.

Secondly, continued volatility in raw material prices and the availability of the right raw material mix will continue to exert pressures on margins and cash-flows. While India has an advantage in iron-ore – the right sourcing, appropriate raw material blending, exploration, acquisition and financial engineering, when combined with flexible plants can push up the EBITDAs consistently to the 30 per cent level. In today's global commodity markets, we must strive to create enduring competitive advantage – not only through domestic raw material security – but more through raw material flexibility, material innovation, raw material substitution and raw material sourcing.

Vital logistics

Contrary to popular myths, one of the biggest competitive advantage for steel firms, is not necessarily the closeness to raw materials, but the availability of a world-class logistics infrastructure. Unfortunately, our cost of steel transportation is three times of what it should be with a normal transportation infrastructure.

Our congested and expensive rail infrastructure is one of the biggest impediments to a productive steel industry. We have,

CONTD..ON PAGE 13

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Growth potential A productive, state-of-the-art steel industry is vital for achieving high growth

however, often overlooked the fact that we are endowed with over 7,000 km of coast-line. Coastal steel clusters stretching from Paradip to Vizag to Ennore to Ratnagiri, can convert our logistical disadvantage to an unbeatable competitive advantage.

This complemented with pipeline based slurry transport of iron-ore from our hinterlands, can help create a low cost, low carbon, multi-modal transportation infrastructure that can decrease our cost of steel by about \$50/tonne.

On the other hand, we have a challenge of productivity in our plants. While a few of our private steel plants are world-class, the vast majority of them have severe productivity issues. The productivity in state steel plants is just over 350 tonnes/person compared to a reasonable 1000 tonnes/person in a productive plant; a vast majority of our blast furnaces run under a productivity of 2 t/m3/day compared to over 2.5 t/m3/day in the good plants; we consume more than 6 Gcal/ton of energy and emit over 2 t of car-

bon/ton of steel and so on. We must focus on operations improvement, energy, carbon efficiency and productivity as an essential imperative for competitiveness.

Digital angle

Finally, tectonic shifts in digital technology is shaping the future of industries and will certainly shape the future of steel. Digital technologies, analytics, simulation and sensors will transform the way steel is made. Embracing digitisation will be critical to the success of the steel companies.

To make all this work an enabling environment is essential. A progressive and pragmatic government policy is therefore a necessary enabler for a high-performing steel industry. Allocation of resources and funding of essential infrastructure for steel has to be done not only in a transparent, but in a judicious manner which looks at the overall good.

Therefore, policy impetus needs to also consider exercising discretion rather than only mechanised auctions which attempt to

extract the best price. In an environment of scams and distrust of discretion, judicious decision making and policy imperatives will require leadership, boldness and conviction.

Intelligently integrating the technical, economic, operational, logistical and digital dimensions of steel making can create unsailable techno-economic supremacy for India's steel industry. If we do most of this well, our estimations show that flexible plants, multi-modal logistics, raw material optimisations, operational improvements and Digital transformation can improve Indian steel industry's EBITDA/tonne by over \$80-\$100.

We have the opportunity to lead by changing the economics of steel in the world by harnessing the power of flexibility, productivity and innovation. We have the talent, the enterprise, and the endowments. What are needed is the will, the discipline, the persistence and the enabling environment to translate this into reality.

The writer is President, MN Dastur

Midhani Rebounds after a Tepid Listing, Stock up 70%

Sanam.Mirchandani@timesgroup.com

Mumbai: State-owned Mishra Dhatu Nigam (Midhani) has picked up steam after making a listless debut on the bourses earlier this month. The stock, which had listed at a discount to its issue price of ₹90 per share earlier this month, is up 70% of the issue price, with majority of the gains coming in the last four sessions.

On April 4, the stock had listed at ₹87, a 3% discount to its issue price.

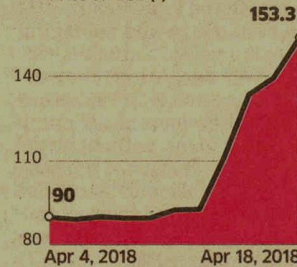
While some analysts said the rise could have been due to fund buying, others said the surge is more due to speculative bets than fundamental buying.

The company's shares ended up for the seventh consecutive session on Wednesday. At close of the session, the stock was locked in the 10% upper circuit at ₹153.30.

This turnaround is in stark contrast to the response its IPO received from some quarters. Midhani's ₹438-crore IPO was subscribed 1.2 times on the final day of the IPO on March 23. While the QIB portion was subscribed 2 times, the HNI and retail categories were not fully subscribed. Foreign investors gave the issue a complete miss like

Mishra Dhatu Nigam

170 Price on BSE (₹)



STOCK ON A TEAR



On April 4, the stock had listed at ₹87. On April 18, it was locked in 10% upper circuit at ₹153.30

they did in the case of Bharat Dynamics and Hindustan Aeronautics which had also come out with their IPOs recently.

Analysts said the company, which is a leading manufacturer of special steels and super alloys, and also the country's sole manufac-

turer of titanium alloys, saw undersubscription in some categories during the IPO because of the prevailing weak market sentiment. Sentiment for PSU stocks was also weak at that time.

"There has been fund buying coming in. The company has good fundamentals. FY18 is likely to be dented by maintenance shut-down but from FY19 onwards, the stock holds a lot of promise," said Geetanjali Kedia, senior research analyst at advisory firm SPTulsian.com.

The delivery volumes of the recent days, however, paint a different picture of the recent surge. On April 12, the delivery volume was 36% but has fallen sharply between April 13 and April 17 showed delivery volume in the range of 11-13%.

"If delivery volume is too low then it implies more of speculation than value-based buying," said G Chokkalingam, Founder, Equinomics Research & Advisory.

High valuation is another concern for the stock.

"At issue price it had a market cap of ₹1,700 crore and now it has gone up to ₹2,800 crore. While it is a zero debt company, I would be skeptical about fresh entry in the stock at current valuations," said Kush Katakia, CEO, Beanstalk Advisory.

Reconsider Arcelor, Numetal bids: NCLT to Essar Steel

IBC procedures not followed, says Bench

RUTAM VORA

Ahmedabad, April 19

The Ahmedabad Bench of the National Company Law Tribunal (NCLT) on Thursday asked the Resolution Professional and the Committee of Creditors (CoC) to re-examine the bids for the Ruias-promoted Essar Steel India Ltd (ESIL) submitted in the first round by ArcelorMittal India and Numetal Mauritius.

The RP and the CoC led by State Bank of India had in March 2018 rejected the bids by global steel giant LN Mittal-led ArcelorMittal and Russian VTB Bank subsidiary Numetal, the only companies to submit a resolution plan.

However, the two-member Bench comprising Harihar Prakash Chaturvedi and Manorama Kumari has asked for a review of the bids, noting that Essar Steel's CoC and the RP, Satish Kumar Gupta from Alvarez & Marsal India, "omitted to follow procedures" laid out under sections 29(A)(c) and 30(4) of Insolvency and Bankruptcy Code (IBC).

The Bench also extended the deadline for the insolvency process by a month from the original

2017

June 13: Reserve Bank identifies 12 defaulters, including Essar Steel, with combined bad loans worth over ₹6.14 lakh crore

June 27: Insolvency proceedings initiated against Essar Steel at NCLT

July 24: Essar challenges SBI application in NCLT on technical grounds

August 2: NCLT Ahmedabad appoints IRP

October 20: RP invites EOIs for Essar Steel

deadline of April 29. According to sources, the RP will now have to either reconsider the bids or go in appeal before the National Company Law Appellate Tribunal (NCLAT).

The NCLT Bench ruling is seen as an ouster of Anil Agarwal-promoted Vedanta and JSW, which partnered with Numetal in a step-down subsidiary, Nu Metal & Steel Pvt Ltd.

The Bench observed that the RP and the CoC did not give Numetal and ArcelorMittal enough time to rectify their grounds for disqualification.

"The RP and CoC's decision to hold second round of bids may

ESSAR STEEL SAGA

2018

February 12: First round of bids submitted by Numetal, ArcelorMittal

March: RP holds Numetal and ArcelorMittal bids ineligible

March 20: Numetal challenges rejection of bid

March 26: ArcelorMittal challenges disqualification

April 2: Second round of bids invited

sound prudent but is not legally sound," the Bench ruled.

An ArcelorMittal statement, issued after the judgement on Thursday, said: "We have always maintained that we are eligible to bid for Essar Steel and are pleased to see that the NCLT wants our offer to be presented to the committee of creditors... We had made a strong and competitive offer, backed up by a detailed industrial plan, and now hope for a swift resolution for Essar Steel."

A Numetal spokesperson said, "We have put forth a very compelling resolution plan. We hope our proposal will be considered by the Committee of Creditors."

Nickel at 3-year high on sanctions

London, April 19

Nickel soared 9 per cent to a three-year high on Thursday, extending the previous session's blistering rally on fears the metal could become ensnared in US sanctions on Russian firms, although analysts say gains could be short-lived. The US last week slapped sanctions on major Russian aluminium producer Rusal and traders fear the move may be broadened to hit Russia's Nor Nickel, the world's second largest producer of the metal. Three-month nickel on the London Metal Exchange rallied 9.3 per cent to \$16,690 a tonne overnight, the highest since December 2014. The metal was last bid up 3.3 per cent at \$15,780 in official midday rings, adding to Wednesday's 7.5-per cent spike. The global nickel market deficit narrowed to 2,500 tonnes in February from a revised deficit of 15,800 tonnes in the previous month. Meanwhile, aluminium reached seven-year peak at \$2,718 a tonne and later traded up 1.9 per cent in rings at \$2,585. REUTERS

हिन्दी के उत्तरोत्तर विकास के लिए करें ठोस कार्य



IBM में अ.भा. राजभाषा तकनीकी पर सेमिनार

व्यापार संवाददाता नागपुर. हिन्दी को दुरुह बनाने का प्रयास नहीं होना चाहिए, बल्कि इसे जनसामान्य की भाषा के अनुकूल बनाना चाहिए. यह कहना है आरटीएम विश्वविद्यालय के प्राध्यापक व हिन्दी विभाग के अध्यक्ष डा. प्रमोद शर्मा का. वे बतौर मुख्य अतिथि भारतीय खान ब्यूरो में भारतीय खान ब्यूरो के महानियंत्रक रंजन सहाय की अध्यक्षता में 'संपोषित विकास के परिप्रेक्ष्य में खनन क्षेत्र की भूमिका' विषय पर आयोजित अखिल भारतीय राजभाषा तकनीकी सेमिनार में संबोधित कर रहे थे. विशिष्ट अतिथि नीरी के

मुख्य वैज्ञानिक डा. जयशंकर पांडेय ने कहा कि हिन्दी से संबंधित अनेक ज्वलंत प्रश्न हमारे सामने खड़े हैं. हिन्दी अभी भी उच्च शिक्षा का माध्यम नहीं बन पाई है. अतः इस विषय में ठोस उपाय किए जाने चाहिए. सहाय ने कहा कि हमें सरकारी आंकड़ों तक ही सीमित नहीं रहना चाहिए, बल्कि हिन्दी के उत्तरोत्तर विकास के लिए ठोस कार्य करना चाहिए. मुख्य खनिज अर्थशास्त्री व राजभाषा अधिकारी डा. पीके जैन ने भारतीय खान ब्यूरो द्वारा हिन्दी कार्यान्वयन के क्षेत्र में किए गए कार्यों की जानकारी दी. इस दौरान स्मारिका का विमोचन भी किया गया. सेमिनार में भारतीय खान ब्यूरो के अलावा खान मंत्रालय के अन्य कार्यालयों, विभागों में एमईसीएल, जेएनएआरडीडीसी, एनआईएमएच व विवि के प्रतिनिधियों ने हिस्सा लिया. सेमिनार 2 सत्रों में आयोजित किया गया, जिसमें पूर्वार्ध में कुल 6 आलेख तकनीकी विशेषज्ञों द्वारा पावर प्वाइंट प्रेजेंटेशन के माध्यम से प्रस्तुत किए गए. दूसरे सत्र में 8 आलेख प्रस्तुत किए गए. इस अवसर पर वर्षा घोटे, पुखराज नेणियाल, असीम कुमार, किशोर पारधी, मिताली चटर्जी, जगदीश अहरवार, प्रदीपकुमार सिन्हा आदि उपस्थित थे.

Essar Steel: Back to square one as uncertainty clouds JSW Steel, Vedanta bids

NCLT gives 30 days for Numetal Mauritius and ArcelorMittal to rectify their bids

SURESH P IYENGAR

Mumbai, April 19

The National Company Law Tribunal judgment on Essar Steel on Thursday has come as a major setback for both JSW

Steel and Vedanta which had entered the fray in the second round.

The Ahmedabad Bench of the NCLT has given 30 days to both Numetal Mauritius and

ArcelorMittal to rectify their bids to meet the resolution professional and committee of creditors' satisfaction.

However, sources said it is not clear as of now whether the 'rectification' allows bidders to make changes in both financial and technical part of their bid.

More clarity would emerge

on the execution of order once the Court releases the 90-page order, he added.

Seshagiri Rao, Joint Managing Director, JSW Steel, told *BusinessLine* that the company is still interested in joining the bid for Essar Steel and more clarity on how this can be done will be planned once the NCLT

order is made available in public domain. Vedanta has to move the NCLT separately to direct the resolution professional to consider its bid placed in the second round, said sources. Vedanta did not respond to *BusinessLine* query.

JSW Steel has bought stake in Numetal India, which is a step-

down subsidiary of Numetal Mauritius that has placed the bid for Essar Steel.

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New members

If the rectification means the exit of defaulting promoter Ravi Ruia's son Rewant Ruia from the Numetal consortium, then it has to be seen whether

he has to be replaced by the existing investors.

If new members are allowed to replace Rewant Ruia in the consortium, then JSW Steel has a fair chance to enter the fray again, sources said.

Both Russian VTB bank-backed Numetal and world's largest steel producer Ar-

celorMittal moved NCLT, against the second round of bids claiming their first bid should be considered eligible.

Both their bids were considered ineligible because the Insolvency and Bankruptcy Code does not allow promoters of a defaulting company to submit a resolution proposal.

BUSINESSS LINE DATE: 20/4/2018 P.N.15

Buy gold if it dips to \$1,335/oz

GNANASEKAART

Comex gold futures dipped slightly on Thursday weighed down by a firmer dollar and a decline in global geopolitical tensions, breaking a string of gains for four successive sessions.

Gold hardly reacted much to the recent Russian sanctions and other uncertainties, while silver raced higher as it got extremely undervalued compared to gold.

Comex gold futures have been moving perfectly in line with our expectations. As mentioned in the previous update, prices are finding good support and consolidating in a range between \$1,330 and \$1,355 zone. Price structures favour a gradual rise after correcting lower from \$1,365, a previous resistance. No change in view. Near-term upticks could be capped in the \$1,365 zone and a close above here could trigger sharper up move immediately towards \$1,374 or even higher subsequently.

As we have been maintaining for a while, the medium-

term picture still holds some promise, therefore caution should be exercised on getting excessively bearish too. A positive trigger for the medium-term in sustaining the uptrend is likely to be above \$1,375 levels. In the coming week, we expect \$1,335-40 to hold for a push higher towards \$1,365, opening the way for \$1,374 levels or even higher to \$1,400. Unexpected fall below \$1,328 could see a sharp decline to \$1,310 levels again, which is not our favoured view.

Wave counts: It is most likely that the fall from the record \$1,925 to the recent low of \$1,088 so far, was either a possible corrective wave "A", with a possibility to even extend towards \$1,025-30 levels or a complete correction of A-B-C ending with this decline. Subsequently, a corrective wave "B" could unfold with targets near \$1,375 or even higher. After that, a wave "C" could begin lower again. Alternatively, we can also expect wave "B" to extend to \$1,476 levels. If the current decline as a whole from \$1,920 can be

considered as a fourth wave, then the fifth wave could begin and cross \$1,700 in the long-term. An eventual break above \$1,355 could see the wave "B" scenario emerge in the coming sessions. While \$1,270 holds, we still favour prices rising higher towards \$1,450-75 in the form of wave "B". We will re-assess around \$1,450-70 levels on the potential for a wave "C" decline subsequently.

RSI is in the neutral zone now indicating that it is neither overbought nor oversold. The averages in MACD have gone above the zero line of the indicator again, indicating a bullish reversal. Only a cross over again below the zero line could hint at a bearish reversal in trend. Therefore, buy Comex gold on dips around \$1,335-40 with the stop-loss at \$1,325 targeting \$1,374 followed by \$1,395. Supports are at \$1,340, 1,320 and \$1,305. Resistances are at \$1,365, 1,374 and 1,431.

The writer is the Director of Commtrendz Research. There is risk of loss in trading.

Steering committee formed to manage Electrosteel Steels

OUR BUREAU

Kolkata, April 20

A steering committee comprising majority nominees representing the financial creditors of Electrosteel Steels (ESL) and minority nominees from Vedanta Ltd has been constituted to take care of the management of ESL.

The steering committee has appointed PwC as an Independent Managing Authority (IMA), ESL said in a regulatory filing to stock exchanges on Friday.

The National Company Law Tribunal (NCLT), had, on Tuesday okayed Vedanta's bid to acquire the bankrupt ESL.

The acquisition will be complete post approval from the Competition Commission of India and market regulator SEBI.

"Pursuant to its order dated April 17, 2018 (Resolution Plan), on and from the date of approval of the Resolution Plan by the NCLT until the date on

which Vedanta Ltd acquires control of the company as per terms of the plan, it is required to be monitored by an IMA under the instructions, control and management of a steering committee," ESL said.

Accordingly, the erstwhile Resolution Professional (Dhaivat Anjaria) has handed over the management affairs of the company to the IMA, which is acting under the supervision and instructions of the steering committee.

Vedanta offered to pay ₹5,320 crore for the distressed ESL, having a total debt of close to ₹13,000 crore.

ESL's integrated steel plant at Bokaro in Jharkhand has a capacity of 1.5 million tonne with a potential to increase to 2.5 million tonne.

ESL is the first major stressed account, out of the initial lot of 12 accounts referred by RBI, to be resolved under the Insolvency and Bankruptcy Code (IBC).

NCLT bench asks Resolution Professional to continue managing Binani Cement

OUR BUREAU

Kolkata April 20

The Kolkata Bench of the National Company Law Tribunal (NCLT) on Friday passed an interim order asking the Resolution Professional (RP) of Binani Cement to continue taking care of the management of the company "until further orders".

The 270-day moratorium period for the insolvency resolution of Binani Cement ends on April 21. Under the Insolvency and Bankruptcy Code (IBC), if a resolution plan is not approved within this period, the company could go for liquidation. However, the tribunal has discretionary powers to extend the deadline or not consider the time taken for litigation within the stipulated period.

"The RP counsel brought to our notice that the 270-day period ends on April 21. Since the hearing could not be completed, the RP will continue management of the corporate debtor (Binani) until further orders," Justice Jinan KR said.

The next hearing will be on April 23.

UltraTech Cement, the unsuccessful bidder for Binani, had on Thursday urged the

"The RP counsel brought to our notice that the 270-day period ends on April 21. Since the hearing could not be completed, the RP will continue management of the corporate debtor (Binani) until further orders."

NCLT to reject the offer made by Dalmia Bharat-controlled Rajputana Properties and accept its revised bid for the stressed Binani Cement. It had also suggested that the tribunal consider passing an interim order asking the lenders' committee to reconsider the offers made by Dalmia and UltraTech.

Highest bidder challenged
UltraTech also questioned the evaluation criteria for selection of the highest bidder (H1) bidder. It also emphasised that its revised bid, which was higher by more than ₹1,000 crore as compared to Rajputana's, should be considered since maximisation of the asset value was one of the key criteria for resolution under IBC.

In response to UltraTech's submission, Dalmia Bharat's

counsel on Friday argued that the maximisation of value should happen in a 'time-bound manner'; and since UltraTech submitted its revised bid on March 8, almost a week after Rajputana was declared the H1, its offer should not be considered.

Moreover, the Committee of Creditors' (CoC) selection of the H1 was based on the guidelines laid down in the process document, which was 'sacrosanct and binding', the counsel argued.

Accepting UltraTech's offer beyond the stipulated time period would set a 'precedent' and might prove to be detrimental to the timely closure of insolvency proceedings initiated against several other companies.

In response to this, the UltraTech counsel drew attention to the direction given by the Ahmedabad Bench of the NCLT asking the Resolution Professional and the CoC to re-examine the bids for Essar Steel India Ltd (ESIL).

Ultratech has most recently offered to pay ₹7,960 crore for Binani Cement, while Dalmia's resolution plan, which was approved by the CoC at a meeting on March 14, offered ₹6,589 crore.

Getting the glitter back - A national gold policy needed

HAREESH V

BY INVITATION

The Centre's plan to brand gold as an asset class could transform the domestic gold industry. The government has been implementing schemes to bring structural changes in the industry to utilise our enormous gold reserves in a productively.

Introduction of gold monetisation scheme, sovereign gold bonds and issuing Indian gold coins were such initiatives, but failed to grab considerable attention from investors.

In the last Budget, the Finance Minister announced that re-branding of the existing Gold Monetisation Scheme and policies for making gold as an asset class is under consideration.

Challenges for investors

Gold Spot Exchange and Gold Board to manage the challenges faced by the gold industry are also in the pipeline. India's fascination with gold is centuries-old. People consider gold as the most substantial asset in their wealth portfolio. It is the second top imported commodity in the country after crude oil and we are the second top consumer of the yellow metal globally. In-

dian gold investors had to face challenges last year apart from the various global developments.

While lack of a regulated trading environment and presence of a number of local markets resulting in concerns over transparency in pricing and price distortions across the value chain cropped up, changing tax regime and tighter regulation around jewellery transactions has a huge bearing on bullion market as well as investors.

Another challenge for the industry is higher import duty of ten per cent making domestic gold costlier, attracting illegal imports to the country. Prevailing multiple challenges such as lack of quality assurance, price transparency, liquidity and regulatory issues on the gold ecosystem are raising the need for reforming the spot gold market.

Gold inflows

Gold imports into the country are estimated at about 800-900 tonnes a year and reportedly households hold around 22,000 tonnes of gold, the country is un-



able to realise its potential due to the aforesaid reasons.

Moreover, concerns over quality make Indian gold less attractive in the global markets as well. Unfortunately, Indian gold market continues to be a price taker with little influence in global market despite being the second top consumer of the metal.

Due to inappropriate price discovery mechanism and lack of standard invoicing system, domestic gold prices vary in different local markets. A gold spot exchange, to facilitate participants trade gold with immediate cash settlement and policies on gold trade, can play a pivotal role in transforming Indian gold industry.

It is likely to allow all stakeholders — retailers, wholesalers, importers, exporters, scrap deal-

ers — to the platform and thereby enabling transparent price discovery mechanism and standardisation of physical delivery across the country. It can also lead to enhancing quality and formalisation of the market. Setting up of a national gold policy is likely to connect all the stakeholders of the value chain effectively and assist to create a healthy and efficient gold ecosystem in the country.

A better investment bet

Apart from its traditionally known characteristic of a hedge against inflation and an asset to protect during financial distress, gold acts as an exceptional source of diversification to an individual's investment portfolio. Gold's peculiar nature of low correlation with other assets typ-

ically assists investors to efficiently manage risks by protecting from unexpected negative events.

It also acts as a currency hedge, especially against the dollar. Studies have shown that using gold as a portfolio optimiser one can reduce volatility without compromising on expected return. For better portfolio diversification, gold is an ideal investment.

Though gold is considered as part commodity, part luxury and as a financial asset, its price does not always behave like commodities or at par with other assets. Gold has underperformed for the past several months. The lacklustre undertone in prices was due to overwhelming changes triggered across its key fundamentals. The bearish tinge in prices was accentuated by a strong dollar and demand concerns from top consumers.

The World Gold Council data showed that global gold demand in 2017 dropped by 7 per cent to 4,072 tonnes compared to 4,362 tonnes in 2016.

The writer is Head - Commodity Research at Geojit Financial Services. Views are personal.

Essar Steel Lenders to Decide on Status of Numetal+Ruia Bid

Who will Steel the Show?

Uttam Galva has on its own expressed its intention to pay back its entire dues of **₹5,600 crore** – a move that could help the ArcelorMittal bid

Numetal hopes to get a chance to rectify bid by changing composition of its consortium if there are issue with present stakeholders

NCLT Ahmedabad order likely to set a precedent for RPs and CoC on how to conduct resolution process and ensure there are no delays

New aspirants in the second round of bidding – declared invalid by NCLT – are seeking legal opinion on their locus standi to appeal

NCLT has extended the April 29 deadline for completion of the resolution process by as many days as the matter has been in court

CoC may have time till May 20 to call for a second round of bids if the first round of bidders are found ineligible

CoC will take call on whether Numetal's consortium will remain in contention

Rakhi.Mazumdar
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Kolkata: The Committee of Creditors (CoC) of Essar Steel will decide whether Numetal's consortium, which has Rewant Ruia's Aurora Investments as one of its in-

vestors, will remain in contention after the National Company Law Tribunal (NCLT) directed the lenders to consider the first set of bidders for the debt-laden steel maker.

Numetal sources said the court order implies that the CoC will have to consider their original bid which includes Rewant Ruia's 25% stake in the consortium led by Russia's VTB Bank. Engineering consultancy Tyazhpromexport (TPE) and Indo International are other partners of the consortium.

NCLT TELLS BINANI RP TO CONTINUE
➔ PAGE 5

"Rewant Ruia is one of the beneficiaries of the Aurora Trust. VTB Bank must have taken legal advice that being a beneficiary does not disqualify it," Alok Dhir of Dhir & Dhir Associates said.

On Thursday, the NCLT deemed the second round of bids for Essar Steel invalid and directed the committee of creditors (CoC) to consider the first set of offers from Numetal and ArcelorMittal, ruling that the banks would have to decide on the eligibility of bidders rather than the resolution professional.

Legal Circles Divided on Order ➔ 13

CONTD. ON PAGE 22

THE ECONOMIC TIMES DATE: 21/4/2018 P.N.13

Legal Circles Divided on the Implications of Order

►► From Page 1

On Friday, a Numetal source said, "In case there are issues with the Aurora stake, we expect to get a chance to rectify it."

"The original bid includes a proposal to alter the composition of the consortium in case the CoC has any issues with the shareholding," the same Numetal source added. After submitting the bid for Essar Steel on February 12, Numetal said it has written numerous letters to the resolution professional on Ruia's participation but is yet to get a response. Makram Abboud, vice-chairman, international, VTB Capital, in an interview to ET on March 5, said that the firm is always adaptable.

"We are very interested in this asset and we intend to buy this one way or the other and if the government asks us to make changes, we will have a discussion. We are always flexible when we need to be to attain our goal," Abboud told then.

However, legal circles were divided on the implications of the order, although they are yet to go into the fine print of the order.

Numetal sources contended that the order implied CoC would now have to give them a chance to rectify the bid. "We had given them the proposal to change the shareholding of the consortium. If there was any problem with Rewant's stake, the other members of the consortium would buy his stake," the source added.

The important thing to note here is that the NCLT order clearly sets a precedent wherein it sets aside the CoC decision on ineligibility and mentions that the RP and the CoC acted only on the basis of the advice given by their consultants — Grant Thornton and Cyril Amarchand Mangaldas — but did not apply their own independent mind on the issue, Dhir said.

"They did not allow the bidders any opportunity to demonstrate their eligibility or factor in their explanation, thus denying them natural justice." NCLT Ahmedabad order is in line with judicial thinking on the subject. It will serve as a precedent for other RPs and CoC to conduct the process so that they do not suffer infirmities and delays, Dhir added.

Similarly, ArcelorMittal's original offer is also slated to come up for consideration by the CoC. Arcelor's bid is also under a scanner for being listed as a co-promoter of Uttam Galva, a defaulter, on the date of submission of the Essar bid on February 12. It got declassified as a promoter in the exchanges only on March 23.

Uttam Galva meanwhile offered to pay back its entire dues of ₹5,600 crore, a move that could hugely benefit Arcelor's bid for Essar. Legal circles seem to be divided over whether it will be considered by the CoC when it relooks at the Arcelor bid. "Here the date of submission of the bids will have to be considered to decide on the eligibility," Dhir said.

Mittal has to clear debt to qualify for Essar Steel

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Mumbai: L N Mittal-led ArcelorMittal will have to ensure that the outstanding debt of Uttam Galva and KSS Petron are repaid to be in the race for Essar Steel.



A detailed reading of the 89-page order by the National Company Law Tribunal (NCLT) reveals that the Arcelor-

Mittal Group was in control of both Uttam Galva and KSS Petron — which were non-performing assets (NPAs) — when the resolution process began. Uttam Galva has outstanding loans of Rs 5,654 crore, while KSS Petron has Rs 1,340 crore.

The tribunal observed that ArcelorMittal has been a promoter of Uttam Galva since 2009 and the company was an NPA in the books of Canara Bank and PNB as of March 2016. Also, on the date of commencement of corporate insolvency resolution process — August 2, 2017 — ArcelorMittal was connected to both the defaulting companies. "In order to become eligible, overdue amounts to lenders, in both the cases of KSS Petron and Uttam Galva Steels, should be paid by ArcelorMittal before being eligible to bid as provided in Section 29A itself," the order said.

TOI had reported that the Ahmedabad bench of the NCLT had asked for a review of the bids presented in the first round of the Essar Steel auction. The order was in response to two separate applications made Numetal and ArcelorMittal — the only two bidders in the first round — seeking to be recognised as eligible bidders.

The tribunal had returned the matter to the committee of creditors (CoC) stating it had not followed the process.

BUSINESS LINE

DATE: 23/4/2018 P.N.13

Steel output to hit 140 mt: Minister

New Delhi, April 22

India's crude steel output is expected to soar by 38 per cent to 140 million tonnes (mt) by the end of this year, Steel Minister Chaudhary Birender Singh said. The country produced 101.4 mt steel in 2017. Domestic crude steel production is likely to be 140 MT in this year, Singh told said. The Minister has earlier asked the industry to make full use of the resources available in the country to increase steel output. PTI

'Regulatory issues are corroding iron ore'

SATYA SONTANAM

The Indian iron-ore industry has always been in the limelight with frequent regulatory changes and additions of restrictions.

To understand the current industry situation and the impact of the recent Supreme Court judgement quashing 88 mining leases in Goa, *BusinessLine* spoke to P K Mukherjee, Chairman of Mining and Mining Infrastructure Committee of Goa Chamber of Commerce, former Managing Director of erstwhile Sesa Goa (now Vedanta). He has almost three decades of experience in the iron-ore industry. Excerpts:

How is the demand for iron ore?

As long as the demand for steel exists, demand for iron ore prevails (iron ore being the key raw material). And the steel sector is growing at a good pace with increasing global demand. The Indian steel industry has huge growth potential — that is evident in its poor per-capita consumption of steel of about 60 kg, compared with an average global per-capita consumption of 200 kg.

The capital-intensive steel companies cannot operate at lower capacities just because of the non-availability of iron ore. It will be imported, if not obtained domestically. I will say that the demand for iron ore in the next two-three years is cautiously optimistic and will be in line with the demand for steel.

How is it on the supply side?

Approximately 80 per cent of the world's iron-ore trade is done by just four companies (in South America and Australia), and they mostly control the global supply situations. However, iron ore has always been abundant in supply. Indian steel-makers' requirement is mostly fulfilled by domestic supply.

They are also privileged to consume high-grade iron ore, thanks to the rich quality of ores available in Indian mines. However, India also imports iron ore to a marginal extent.

A few steel-makers that do not own any captive iron-ore mines, either purchase domestically or import, based



The Supreme Court ban will hit the mining-dependent Goan economy, says ex-Sesa Goa MD

on the costs prevailing in the market.

Will iron-ore prices fall as anticipated?

There are forecasts that prices will fall this year. But I belong to another school of thought that believes prices will stabilise due to the strong fundamentals. As far as my experience goes, iron-ore prices are mostly range-bound in the medium term, and any price movement will not be drastic.

While it's true that prices are unlikely to reach the level of 2008-2011, in my view, prices should stabilise at \$60-70 per tonne CFR China (for reference grade of 62 per cent Fe fines with Alumina less than 3 per cent and Silica 4-5 per cent).

Your views on Indian steel companies' complaint on NMDC increasing its iron-ore prices...

We cannot expect the steel industry to respond otherwise.

Iron-ore prices by NMDC (public sector miner) are always lower than the landed cost of imported ore of similar grade and the prices offered by private players.

NMDC is blessed with best-quality ore from Bailadila (Chhattisgarh) and Donimalai (Karnataka) mines. Comparison of ore prices from these mines with others in India would be an apple and orange comparison. I also believe that NMDC provides iron ore at subsidised prices in India, compared with the prices at which they are exported.

What will be the impact of the Supreme Court's order cancelling 88 renewed mining leases in Goa?

The Supreme Court quashed the renewals given in 2015, stating that State governments can give only fresh leases and not renewals. Every mining company in Goa has generally three or more mining leases, and the whole production capacity has been limited to 20 million tonnes per annum (mtpa) as per an earlier Supreme Court judgement in 2014.

A significant portion of iron ore from these mines in Goa is exported as they are considered to be of inferior grades and not used by domestic steel companies. Therefore, the export market of the companies operating in Goa gets impacted. But there will not be much impact on the bottom-line of the companies as they hardly make any profit on their exports at current prices.

The economy of Goa, which is mainly dependent on the mining industry, will be hit. Nearly 40 per cent of the revenue from the sale of iron ore is transferred to the government in the form of royalty,

district mineral fund, exploration cess, Goa Iron Ore Permanent Fund and other levies. The balance 60 per cent is spent on production and transportation cost locally, which has a direct impact on the State economy.

To put it in numbers, if the revenue from a tonne of iron is, say, \$25 FoB (Freight on Board) (after ocean freight, discounts for low Fe, with high alumina and silica and high moisture), the amount that would have been transferred to Goa government directly is \$10 per tonne (40 per cent of \$25).

Now, as the mines will be inoperative, the local government would lose nearly \$200 million (\$10 x 20 mtpa) per annum.

In the same example, the cost of production is \$15 per tonne (60 per cent of \$25). If I use the multiplier effect at a multiple of 10, the economy would be suffering to the tune of \$3,000 million per annum (\$15 x 20 mtpa x 10) or about ₹20,000 crore.

One can imagine the enormity of the economic impact on a small State like Goa with a population of about 15 lakh due to the sudden stop of

the decades-old mining industry.

As directed by the apex court, the companies can resume operations if they receive fresh environmental clearances. How long will that take?

Mining is a highly regulated industry in India. If regulatory agencies work with extreme urgency and everything goes well, it would take a minimum of two years. In the normal speed, it can take five years or so.

What policies should be in place to improve the current conditions?

The iron-ore industry is primarily suffering from regulatory issues.

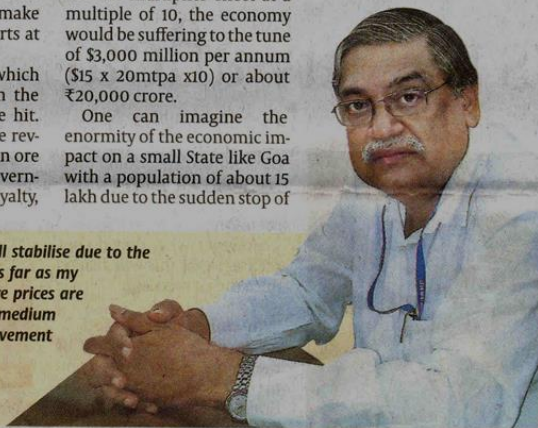
All that is expected is maintaining stability and an implementable policy regime. There is no rocket science involved in regulating mining.

Many advanced countries do mining; why reinvent the wheel? Many a time, there appears to be a contradiction between the intent of the laws and judgements. Who will come forward to invest in a domain that has such complex regulations and dicy implementation?

One needs to remember that every metal can be substituted. Who can guarantee that 50 years down the line steel will still be used? Iron ore shouldn't meet the fate of mica, for which a substitute was found because of its unavailability caused by numerous restrictions and regulations placed on its mining.

I ...believe the prices will stabilise due to the strong fundamentals. As far as my experience goes, iron-ore prices are mostly range-bound in medium term, and any price movement will not be drastic

PK MUKHERJEE
former Managing Director
of Sesa Goa



ESL Bid: Renaissance may Move NCLAT Now



Renaissance Steel, one of the failed bidders for Electrosteel Steels under bankruptcy process, plans to challenge committee of creditor's move to award the company to Vedanta Resources, arguing that the latter was ineligible for bidding, report **Vatsala Gaur & Saloni Shukla**. The NCLT's Kolkata bench on Tuesday ruled in favour of Vedanta. ►► 8

Renaissance to Challenge Move to Award Electrosteel to Vedanta

Company filing an appeal in NCLAT, says Vedanta not eligible to bid under Section 29A

Vatsala Gaur and Saloni Shukla

Mumbai: Renaissance Steel is planning to challenge the committee of creditors' decision to award Electrosteel Steels to Vedanta Resources which was alleged to be ineligible for bidding in the bankruptcy process.

"We are filing an appeal in the NCLAT, our contention is that Vedanta is not eligible to bid under Section 29A, so how can they be the final winner?" said a person involved in the case.

Renaissance Steel did not respond to ET's query.

The Kolkata bench of the National Company Law Tribunal on Tuesday cleared Vedanta's Rs 5,320 crore resolution plan for Electrosteel, rejecting objec-



tions by Renaissance Steel.

Renaissance Steel had earlier challenged the eligibility of Tata Steel and Vedanta under Section 29A of the Insolvency and Bankruptcy Code. As per the rule, any company or its subsidiaries will not be eligible to submit bids if they have been convicted for an offence punishable for mo-

re than two years.

In a letter submitted to the committee of creditors, Renaissance Steel has claimed that subsidiaries of both Tata Steel and Vedanta have been convicted in the UK and Zambia, respectively, and hence they should be disqualified.

Anil Agarwal-led Vedanta Gro-

up had emerged the highest bidder for Electrosteel Steels by quoting Rs 4,500 crore, while Tata Steel's bid was worth Rs 3,500 crore. Renaissance Group and Edelweiss Asset Reconstruction Company had also submitted bids for a resolution plan.

Electrosteel Steels was among the first 12 large corporate accounts that the Reserve Bank of India identified in June last year for insolvency resolution. It owes lenders more than Rs 13,000 crore and operational creditors Rs 191.6 crore.

Most large cases been tried under the insolvency process are facing legal hurdles as the losing bidders are pursuing legal options that may end up delaying or even disrupting the insolvency resolution process.

JSW Seeks Fresh Bidding Round for Essar Steel

Move set to help maximise value and widen fray, co tells Essar Steel's creditors

Rakhi Mazumdar
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Kolkata: JSW Steel has sought a fresh round of bidding from the debt-laden steel major Essar Steel's Committee of Creditors (CoC).

JSW's move comes a day ahead of a crucial CoC meet scheduled on Tuesday. It is significant as it indicates that the Sajjan Jindal company that joined the Russian VTB Bank-led Numetal consortium in the second round, is keen to enter the fray for Essar on its own.

In a letter sent to Essar Steel lenders, State Bank of India, ICICI Bank and Punjab National Bank on Sunday evening, JSW Steel said its main contention for seeking new round of bidding rests on maximising value and widening the fray, people with knowledge of the matter said.

What seems to have bolstered JSW is the observation by the NCLT (National Company Law Tribunal) Ahmedabad judge that a fresh round of bids as suggested by Essar Steel RP to the CoC in a meeting on March 21, with new expressions of interest and a new RFP within a limited time frame would be sound reasonable and legally transparent in light of amendments to Section 29.

Three weeks ago, JSW Steel had approached the RP for Essar Steel before the second round of bids evincing interest to bid. However, the RP did not allow it to bid since the second round of bidding was restricted to those applicants who had submitted expressions of interest in the first round.

"The NCLT judge's observation reiterates our view on this matter.

Calling a fresh round of bids would also allow lenders to get a better value," said Seshagiri Rao, Joint MD of JSW Steel told ET.

The 270-day period for resolution under IBC rules was due to end on April 29 for Essar Steels. However, it has been stretched by almost a month as the NCLT judge allowed it to be extended by as many days as the matter had been in court between March 20 and April 19, 2018.

The NCLT directed the resolution professional (RP) to place before the CoC the first round of bids from Numetal and ArcelorMittal. However, it is up to the CoC to give Numetal and ArcelorMittal 30 days to rectify their bids or invite a fresh round of bids.

The CoC is also likely to deliberate on whether ArcelorMittal will be eligible after it got declassified as a promoter in Uttam Galva and KSS Petron. The NCLT observed that ArcelorMittal will have to pay overdue amounts to lenders on account of Uttam Galva Steels and KSS Petron to become eligible.

"Mere sale of shares and declassification as promoter after the companies have gone into default cannot absolve them of responsibility," the NCLT observed.

'Electrosteel Acquisition to be Credit-positive for Vedanta'

Kolkata: Vedanta's acquisition of financially stressed Electrosteel Steels is credit-positive because it would complement its iron ore business, Moody's Investors Service said, reports **Our Bureau**.

Vedanta Resources said last Tuesday that the National Company Law Tribunal had approved a subsidiary's acquisition of Electrosteel Steels for \$813 million.

"The transaction, although most likely funded with debt, is credit-positive for Vedanta because it will enhance the company's business profile and revenue generation, while having a marginal effect on credit quality," the global rating company said on Monday.

Electrosteel is set to become the first in an initial list of big defaulters to emerge from bankruptcy pro-

ceedings. The Kolkata bench of the NCLT approved a ₹5,320-crore resolution plan from Vedanta for the company last week. The company will subscribe to Electrosteel shares for \$275.7 million and infuse \$536.9 million to settle its debt. Vedanta expects the transaction to close by mid-2018 and it will get a more than 90% stake in Electrosteel, with the remainder to be held by other shareholders and lenders.

Steelmaking is a natural forward integration for Vedanta's iron-ore business. The integration of iron ore and steel operations will enhance the profitability of this business, Moody's said. "We expect some synergies with Electrosteel given that Vedanta is exploring undeveloped iron-ore deposits in Jharkhand with a potential of 150-200 million tonnes," it added.

Trading in Aluminium, Nickel Surges on Rally in Base Metals

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Kolkata: Trading in aluminium has increased nine-fold and nickel four-fold on Multi Commodity Exchange (MCX) in the past one month following a rally in base metals. Aluminium prices have surged 31% since the United States announced sanctions against Russia on April 6, and Nickel prices have shot up 23.72%, prompting investors to take positions in the market.

Analysts expect prices of both aluminium and nickel to stay firm in the near term. "The only headwind will be the strengthening dollar, which will affect the appetite of investors," said Gnana-sekar Thiagarajan, director, Commtrendz Risk Management Services.

On March 19, the trading volume of aluminium on MCX was around ₹839.07 crore, swelling to ₹7,825.41 crore on April 19, when aluminium prices touched ₹179 per kg. Similarly, nickel prices shot up from ₹1,173.05 crore to ₹6,081.16 crore during this period. "The unprecedented rally in base metals in the past few ses-

sions came right after the US imposed sanctions on seven Russian oligarchs and 12 companies controlled by them, as well as 17 Russian government officials, notably (President Vladimir Putin's allies," said Kaynat Chainwala, research analyst, Angel Commodities.

Aluminium prices have surged a whopping 31% on both LME and MCX so far since the US announced the sanctions

Aluminium prices have surged a whopping 31% on both LME and MCX so far since the US announced the sanctions, said Chainwala. "The reason behind this is inclusion of billionaire aluminium tycoon Oleg Deripaska and his company Rusal in the forbidden list," she said.

Rusal produces about 3.7 MT of aluminium annually, accounting for about 6% of total global aluminium production of 63 MT in 2017. On Monday, London aluminium prices rose as much as 1.7% as a rally driven by supply concerns after the US slapped sanctions on Rusal regained momentum.

Essar Steel creditors in bind over original offers, new bids

Marathon Meeting Remains Inconclusive Over Eligibility

TIMES NEWS NETWORK

Mumbai: Creditors of Essar Steel are divided over whether to call for fresh bids for the troubled metals company or to give original participants — Numetal and ArcelorMittal — the statutory 30 days to comply with insolvency rules. The creditors had disqualified both of them after they failed to meet eligibility criteria. But NCLT directed the creditors to consider their offers and give them time to rectify any shortcomings in their bids.

The creditors opened the two bids for Essar Steel on Tuesday. Sources said ArcelorMittal's offer was substantially higher than that of Numetal's. The meeting, attended by over three dozen representatives from the creditors, started at 1 pm and lasted for over six hours. It, ho-



Sources said Arcelor's offer was substantially higher than that of Numetal's. The meeting, attended by over 3 dozen representatives from the creditors, started at 1 pm and lasted for over 6 hours

wever, remained inconclusive on the bidders' issue.

Some lenders were of the opinion that calling for new bids by throwing open the process to the world at large would be best way forward since the two original bidders, too, seem to be fine with another round of auctioning.

In the second round, Essar Steel promoter Ravi Ruia's son had dropped out of Numetal to comply with the eligibility rules, making way for JSW Steel to be part of the VTB-led consortium. Arce-

lorMittal also participated in the second round. And so did Vedanta. After recent NCLT order, JSW said that it would participate on its own if there is a third round of bidding.

Most lenders felt that there wasn't enough time to go for a third round as the deadline to complete the process ends on May 28. NCLT had extended the deadline by a month. Lenders also said that going by the NCLT order, if deficiencies were found in the original bids, both ArcelorMittal and Numetal would

need to be given 30 days to rectify their bids. A final decision will be taken at the next creditors' meet on April 27.

At Tuesday's meeting, the creditors didn't take any decision on the 29A eligibility rule applicable to Numetal and ArcelorMittal. Section 29A prohibits persons from submitting proposals for an insolvent asset if they have an interest in a non-performing asset for more than a year, unless they clear all pending dues. ArcelorMittal had a stake in an NPA, which it sold days before submitting the bid for Essar Steel. NCLT had asked the company to clear all dues relating to the asset. The rule also prohibits persons connected to promoters of an insolvent company from participating in bidding process. This is the reason for Ravi Ruia's son's exit from Numetal.

Adhunik Metaliks' RP, Bankers Demand Loan Info from Liberty House

UK-based co, one of the bidders, didn't mention status of its ₹18-cr loan in bidding documents

Sachin.Dave@timesgroup.com

Mumbai: Adhunik Metaliks' resolution professional and bankers have sought information on an outstanding loan that UK-based Liberty House didn't mention in its bid for the bankrupt Indian steelmaker, two people with direct knowledge of the matter said.

In a letter to the UK-based company, they sought to know the current status of the ₹18 crore loan and why it didn't mention that in the bidding documents, said a banker in the know. Liberty House is one of two bidders for Kolkata-based Adhunik Metaliks.

The development comes about two weeks after lenders to ABG Shipyard rejected Liberty House's second bid for the company, citing provisions of Section 29(a) of the Insolvency and Bankruptcy Code (IBC) that speaks of various reasons for disqualification of a bidder, including when there is a defaulted loan in any of the company's subsidiaries.

Liberty House still bid for ABG Shipyard for the third time, and it is unclear what could be the outcome. ET could not independently verify whether Liberty House has paid ₹18 crore to Exim Bank.

"They (Liberty House) have merely submitted the bid. Whether they would be considered for the bid would depend on whether they have repaid the loan (to Exim), and if they have disclosed that in the bidding documents," said a banker in the know. A decision on this would be made in the upcoming meeting of lenders, he added.

"While if the bidder is disqualified in one bidding he doesn't qualify in another, (but) we want to give an opportunity to Liberty House. Decision of what to do next would depend on Liberty House's respon-

KSS Petron Seeks Extension of Resolution Deadline

MUMBAI KSS Petron, the Indian arm of a Kazakhstan-based EPC company, has sought an extension of the 270-day resolution deadline even as the bankruptcy process ends later this week with no revival plan in sight **Vatsala Gaur** reports.

ArcelorMittal had a 33% stake in KSS, the parent company of KSS Petron. The stakes was bought in 2011 for \$300 million. However, much like its exit from Uttam Galva, ArcelorMittal sold its shares in KSS before bidding for Essar Steel as holding a promoter status in a defaulting company bars an applicant to bid for another stressed asset undergoing bankruptcy resolution, unless the bidder repays all dues owed by the first defaulting company.

se," said a second banker.

Liberty House has not responded yet to the letter, the banker said. ET sent an email to the UK company seeking comment, but didn't get any response until press time. ET on April 20 reported that Liberty House might be excluded from bidding for all companies undergoing insolvency resolution after being disqualified in the second round of bidding for ABG Shipyard.

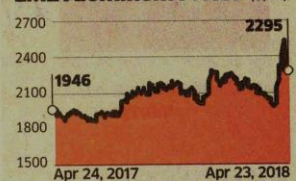
Adhunik Metaliks has an unpaid loan of about ₹5,000 crore. Other group companies and subsidiaries including Adhunik Alloys & Power, Zion Steel and Orissa Mangane & Minerals too are under the insolvency proceedings. ET has learnt that Liberty House has also separately bid for one of the subsidiaries of the Adhunik Group.

Fall in Aluminium Stocks Could Offer Opportunity

Impact of likely capacity constraints globally over the next few years bodes well for Indian producers

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LME Aluminum Prices (\$/tn)



ET Intelligence Group: After imposing sanctions on the Russian aluminium producer Rusal less than two weeks ago, the Trump government has said it may consider lifting them. Aluminium price on the LME, which had surged by over 20% after the sanctions, crashed by 7% on Tuesday.

Shares of Indian aluminium companies Hindalco, Nalco and Vedanta mirrored the fall in aluminium price. While they may show weakness for a few more trading sessions, long-term investors may find them attractive given better future prospects for the sector.

A sharp surge in aluminium price soon after the sanctions earlier reflected the supply constraints in the global market due to years of under-investment despite 5% increase in the demand. The capacity additions in the coming years are likely to be limited given USA's trade war with Russia and China.

Industry trackers expect Rusal, the largest aluminium producer outside China, to curtail expansion. At the same time, demand is likely to grow.

USA and Europe are expected to be the largest aluminium deficit countries with 4.8 million tonnes and 3.7 million tonnes deficits respectively.

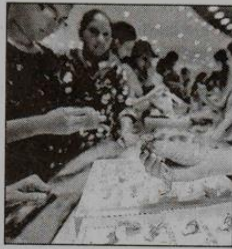
This would be beneficial for the domestic producers in the long term. There are only a handful of major aluminium expansion projects lined up for the next three-four years; one is by Rusal and two by Indian companies Hindalco and Vedanta. China too is going slow on capacity additions due to environmental issues.

The domestic producers may gain further if the rupee continues its slide. The cost of domestic aluminium production is in Indian rupees given Hindalco and NALCO are fully backward integrated that is they have bauxite mines. A slide in the rupee will not only make Indian producers more competitive but also help them increase the domestic market share. The share of imported aluminium in India's total consumption is around 40%. A weak rupee may make India market less lucrative for Chinese and Russian aluminium producers.

40% hike in gems, jewellery imports raises concerns

Analysts fear capital flight via over-invoicing in some cases

DEEPAK PATEL &
AANCHAL MAGAZINE
NEW DELHI, APRIL 24



AN UNUSUAL 40 per cent spike in India's gems and jewellery imports this fiscal, at a time when exports are flat, has set the alarm bells ringing in the policy circles.

The trend, which marks a contrast from the situation in 2016-17 and 2015-16, when the sector's imports contracted by 4.9 per cent and 9.37 per cent, respectively, has led to speculation among analysts that there may be cases of capital flight happening through over-invoicing on these imports. *The Indian Express* has learnt that the Directorate General of Foreign Trade (DGFT) is studying these statistics in detail to prepare a report for commerce ministry.

According to an April 16 Credit Suisse report: "While gold imports volumes have moderated, imports of precious stones and pearls have not. As the latter are hard to value objectively, they hint at capital flight and are worryingly large now particularly given the drop in jewellery exports." The total imports in gems and jewellery sector were valued at \$74.61 billion in 2017-18, as compared with \$53.73 billion of 2016-17. In 2015-16, the imports in gems and jewellery sector were \$56.5 billion. A senior commerce ministry official, when asked about this surge in 2017-18 imports, said that the DGFT (Directorate General of Foreign Trade) has been asked to study this data and prepare and submit a report soon. "I can talk more when that report comes," he added.

"Usually, there is a lag between the imports of precious stones getting translated into gems and jewellery

exports. But, the increase in imports of semi-precious and precious stones should be either driven by increase in consumption or export demand," D K Pant, chief economist, India Ratings said.

Retails sales reported by jewellery companies does not reflect the sharp surge in the import numbers. For April-December 2017-18, Thangamayil Jewellery Limited and Tribhovandas Bhimji Zaveri Limited showed a net sales growth of just 9.8 per cent and 0.4 per cent in April-December period of 2017-18, respectively. PC Jeweller Limited saw a net sales jump of 24.2 per cent in this nine-month period. Meanwhile, Rajesh Exports Limited, one of the largest gems and jewellery company that largely relies on export earnings, saw a decrease in net sales by 24.73 per cent in April to December, 2017-18.

In response to specific queries, the Gem and Jewellery Export Promotion Council (GJEPC) told *The Indian Express* on Saturday that it is "still in process of analysing the data" and it would be able to provide "the desired information after few days".

The Credit Suisse report had stated that the "March 2018 trade deficit widened \$1.7 billion month-on-month and \$3 billion year-on-year to \$14 billion... Worryingly, jewellery/stones have driven a large part of this increase, hinting at capital flight."

THE ECONOMIC TIMES DATE: 25/4/2018 P.N.11

EXPORT DATA (IN \$ BN)

Category of products	2016-17	2017-18 *	Growth (in %)
Gold	6.12	2.37	-61.17
Pearl, Precious and Semi-precious stones	24.92	25.92	4.04
Gems and Jewellery**	43.41	41.62	-4.12

*provisional figures

**It includes the figures for previous two categories

IMPORT DATA (IN \$ BN)

Category of products	2016-17	2017-18 *	Growth (in %)
Gold	27.51	33.65	22.31
Pearl, Precious and Semi-precious stones	23.8	34.22	43.76
Gems and Jewellery**	53.73	74.61	38.85

*Provisional figures

**It includes the figures for previous two categories

Source: Ministry of Commerce

INSOLVENCY PROCESS

Essar Steel lenders fail to clear Numetal, ArcelorMittal bids

Bankers may go for fresh bids as 2 bids are below fair value; next meet on Friday

ENS ECONOMIC BUREAU
MUMBAI, APRIL 24

THE COMMITTEE of Creditors (CoC) of Essar Steel on Tuesday decided to meet again on Friday to consider a fresh round of bids as the meeting proved inconclusive with banks finding the takeover bids submitted by ArcelorMittal and Numetal below the fair value.

Banks have decided to seek a legal opinion on whether to open up the auction of Essar Steel for fresh bids. Lenders are likely to turn down the two bids on financial terms — and not Clause 29 (A) — and then open up the auction for fresh round of bidding. “Banks are not ready to take a big haircut. But opinion was divided on the issue,” said a banking source.

If lenders call for fresh bids, JSW Steel, Vedanta, Tata Steel, ArcelorMittal and Numetal will get another attempt to acquire the debt-laden Essar Steel.

“The fact that lenders did not clear any of the bids on Tuesday indicates that they are not happy with the bids. It also doesn’t mean they rejected the bids outright. If they get legal opinion, they might go for fresh round of bids. Banks want the maximum

‘CANCELLATION ON FINANCIAL TERMS’

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issue,” said a banking source

■ If lenders call for fresh bids, JSW Steel, Vedanta, Tata Steel, ArcelorMittal and Numetal will get another attempt to acquire the debt-laden Essar Steel

■ Earlier this week, NCLT had asked the lenders to reconsider the bids of ArcelorMittal and Numetal made in the first round

price. They don’t want to face questions from other agencies about low pricing at a later stage,” said a source.

Earlier this week, the Ahmedabad bench of the National Company Law Tribunal had asked the committee of creditors to reconsider the bids of ArcelorMittal and Numetal for Essar Steel made in the first round. The two competing bidders had also participated in the second round with Numetal teaming up with JSW Steel. The CoC then disqualified ArcelorMittal

and Numetal as it believed they were not eligible as per Section 29 A of the IBC, which bars defaulting promoters from bidding for assets at the NCLT.

ArcelorMittal was a promoter in Uttam Galva Steels, which has defaulted on its loans. Numetal’s bid was held to be ineligible since one of the persons associated with the company, Rewant Ruia, is related to the promoters of Essar Steel. The shareholders of Numetal include Russia’s VTB Bank and engineering firm Tyazhpromexport, financial in-

vestor Aurora Enterprises (in which Ruia has an interest) and commodity trading company Indo International Trading.

Rewant Ruia is one of the ultimate beneficiaries and owners of a shareholder of Numetal — one of Essar Steel’s bidders — through various holding companies and trusts, Essar Steel’s resolution professional Satish Kumar Gupta had told the Ahmedabad Bench of the National Company Law Tribunal (NCLT).

According to the NCLT’s order, in a case filed by Numetal and ArcelorMittal challenging their ineligibility to bid for Essar Steel, the RP has informed the court that Numetal “is nothing but a newly-incorporated joint venture between Aurora Enterprises, Crinium Bay, Indo International Ltd and Tyazhpromexport through which its shareholders have the resolution plan”.

“The applicant has not submitted any agreement or understanding among parties to substantiate the averment that AEL/Rewant Ruia has no management rights, special rights, or the ability to participate in the management of the applicant either currently or going forward,” Gupta said.

Company presents proposed plan to government citing the much higher valuations global precious metal firms command than base metal producers

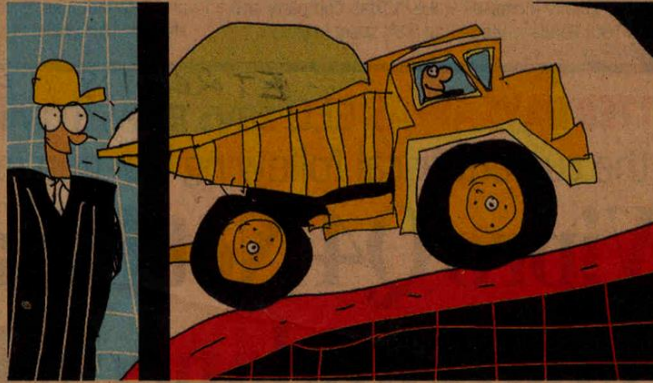
Hindustan Zinc Plans Hiving Off Silver Portfolio into a New Unit

Satish John & Rakhi Mazumdar

Mumbai/ Kolkata: Billionaire Anil Agarwal's Hindustan Zinc has proposed hiving off its highly profitable silver portfolio into a separate company, mirroring the shareholding pattern of the parent firm. The government owns 29.5% of Hindustan Zinc (HZL) and will have to give its consent for this restructuring proposal to take effect.

Silver, a by-product of zinc, offers a return that is nearly 40-50 times higher than zinc. As the sole producer of silver in India, HZL is poised to reap benefits from the government's focus on solar energy projects and use of electric vehicles, both tipped to boost demand for silver.

In a letter to Secretary (Mines), Sunil Duggal, MD, Hindustan Zinc, outlined the proposed plan citing valuations of overseas precious metal companies that enjoy much higher multiples (almost double) than base metal producers. The company said it is on target to achieve 1,500 mt production in three years, and a move to hive off its silver business will "unlock substantial value" for its stakeholders.



Silver contributed Rs 1,850 crore to HZL's operating profit in FY18 while accounting for 9% of its revenues.

Hindustan Zinc, since its privatisation 15 years ago, has ramped up production of silver from 41 tonne to 600 tonne. In the pecking order for integrated silver producers, Hindustan Zinc ranks as the 10th largest producer in the world. When contacted by ET, Mines Secretary Anil Mukim said the ministry is yet to receive a proposal.

"A split of commodities business from expensive silver will certainly lead to value unlock as world-over,

commodity businesses normally are lower value than the precious metal businesses," said Girish Vanvari, founder, Transaction Square, a tax, regulatory and business advisory firm.

Ever since the privatisation of Hindustan Zinc, there has been talk of the government selling its residual stake in the Zinc producer. However, the delay has only helped the second-largest shareholder gain in terms of dividend and capital appreciation.

"If any divestment is planned after the restructuring, then the proceeds could be higher," said

Vanvari.

Analysts tracking the company expect such a restructuring to be complex. Since silver is a by-product when Zinc is processed, questions arise as to how can it be hived off into a separate company. "Hiving off the silver business will be a complex proposition as the two metals (silver and lead) are by-products of Zinc ore," said Ashutosh Tiwari, an analyst tracking the company at Equirus.

"It is easier to hive off the silver refinery which processes the ore, as a separate business," Tiwari added.

But the case for hiving off its silver business makes sense because silver and precious metal companies command a significantly higher valuation multiple, said a source in the company. Mexico's Fresnillo, the largest silver miner in the world, has an EV/Ebitda multiple of 15 times as against HZL's multiple of 8 times, the source added.

For HZL's silver business, at an EV/Ebitda multiple of 15 times, the additional value unlocking opportunity at 1,500 tonnes can be upwards of Rs 55,000 crore to Rs 75,000 crore. In addition, there is potential increase of silver prices which are currently at multi-year lows.

MOIL और हिंदुस्तान कापर के बीच समझौता



व्यापार प्रतिनिधि

नागपुर. मायल लिमिटेड और हिंदुस्तान कापर लिमिटेड के बीच पिछले दिनों समझौते पर हस्ताक्षर किया गया. इस समझौते के तहत एचसीएल मायल को सिलिका सैंड की आपूर्ति करेगा. एचसीएल के प्रस्तावित प्लांट से इसकी

कीमतें दिनोंदिन काफी बढ़ती जा रही है और भविष्य में इसके और भी बढ़ने की संभावना है. इससे उत्पादन लागत में वृद्धि हो रही है. दोनों ही कंपनियों ने रेती में निर्भरता को कम करने के लिए उक्त कदम उठाये हैं.

आपूर्ति की जाएगी. बालाघाट में इसका निर्माण किया जा रहा है. वर्तमान में मायल गढ़डे भरने के लिए रेती का इस्तेमाल करता है. भूमिगत खदानों को समय के साथ भरना सुरक्षा के लिहाज से काफी अहम माना जाता है. मायल प्रबंधन का कहना है कि रेती की

समझौते पर एचसीएल के सीएमडी संतोष शर्मा और मायल के सीएमडी मुकुंद चौधरी ने हस्ताक्षर किए. इस अवसर पर सोम, विकास परिदा, उम्मेद भाटी, तिवारी, विवेक गुप्ता, पाटिल प्रमुखता से उपस्थित थे.

Nalco hopes to double margin in FY19 on strong demand

SHOBHA ROY

Kolkata, April 25

State-owned National Aluminium Company (Nalco) expects its EBITDA (earnings before interest, tax, depreciation and amortization) margin to nearly double in FY19.

According to the CMD, Tapan Kumar Chand, EBITDA margin, which was close to 20 per cent at the end of Q3 FY18, could improve to 40 per cent by the end of FY19 backed by the firming up of demand and prices of both alumina and aluminium.

"Prices of alumina and aluminium have been firming up, if this trend is maintained, then we expect our margins to double by the end of FY19," Chand told *BusinessLine* on the sidelines of 'The People Management Conclave' organised by the Bengal Chamber of Commerce and Industry here recently.

Aluminium prices have been on an upswing since August 2017 on the back of global deficit in production. Aluminium prices on the London Metal Exchange (LME) are currently ruling around \$2,250 a tonne (up from \$1,900 a tonne in April 2017).

Prices had increased to \$2,600-2,700 a tonne over the last two weeks following the US imposing sanctions on Russia's Rusal - the biggest producer of aluminium after China. However, it softened later with the US giving Rusal more time to comply with sanctions.



Tapan Kumar Chand,
CMD, Nalco

According to Jayanta Roy, Senior Vice-President, ICRA, the US sanction on Rusal notwithstanding, prices have been on the rise following a deficit in the global aluminium market due to capacity cutbacks in China.

"Despite the recent relaxation on Rusal, the deficit in global aluminium industry is likely to give a cushion to prices," he said.

Prices of alumina, the semi-processed material used to make aluminium, have also been on the rise, touching a record high of \$718 a tonne compared to \$300-310 a tonne in the same period last year.

According to Chand, alumina prices could stabilise around \$600 a tonne. Every \$20 a tonne increase in price of alumina and \$40 a tonne rise in price of aluminium give Nalco an additional EBITDA of ₹290 crore, he said.

A pick-up in demand following a growth in construction, infrastructure and automobile sectors will also aid in shoring up the company's margins.

Nalco, being a vertically integrated player with a captive bauxite mine, alumina refinery and a captive power plant, will stand to benefit from the improved demand and better prices, Roy said.

"Nalco's profitability and overall cash flows are likely to improve significantly this year if the pricing environment remains as expected," he said.

Expansion plans

Talking about the expansion plans, Chand said, the ground-breaking ceremony for the company's one million tonne alumina stream at its Damanjodi refinery in Odisha is expected to happen soon.

Nalco, which has an existing capacity of 2.27 million tonnes, is investing close to ₹5,500 crore on this expansion.

"We have received all the necessary clearances. We hope to go for the ground-breaking soon. This expansion will shore up our revenues and profits are likely to increase by ₹250 crore," he said.

The company also hopes to commence mining from its captive Utkal-D and E coal blocks by the first quarter of FY19.

"We currently buy close to 1.2-2 million tonnes of coal through auction. Once we commence our mining, our cost would come down by ₹2,000 a tonne resulting in overall savings of close to ₹400 crore," he pointed out.

Gold refineries likely to come up on Hyderabad outskirts

Unrefined gold from Africa will be imported and transported to the refineries

N. RAHUL
HYDERABAD

At least one Indian company specialising in fabrication of precious metal products is keen to start by December a gold refinery, only the second in the country, at the huge land parcel of Telangana State Industrial Infrastructure Corporation at Kongarkalan on Hyderabad outskirts.

Another company has also evinced interest to set up one more gold refinery in a five-acre plot that the Telangana government wanted to allot to them but firm proposals from that group were not received.

According to Principal Secretary Industries, Jayesh Ranjan, the two refineries and ten jewellery processing units (one company wants to set up three units) were on government's agenda to give a further push to the gems and jewellery market whose exports from the State were worth ₹ 6,000 crore last year. Gems and jewellery were among the 14 priority sector industries identified

Golden opportunity

Gold refinery may come up on huge land parcel of Telangana State Industrial Infrastructure Corporation at Kongarkalan



- Two refineries and ten jewellery processing units are on government's agenda to give a further push to gems and jewellery market
- Gems and jewellery are among the 14 priority sector industries identified by the government
- The units will rehabilitate the 1,000-odd displaced workers of Gitanjali Gems Park which is an SEZ at nearby Ravirala village

• State government has sought project reports from the companies to be forwarded to the Board of Approvals

by the government.

Also, the units will rehabilitate the 1,000-odd displaced workers of Gitanjali Gems Park which is a SEZ at nearby Ravirala village but closed following nation-wide raids on Gitanjali properties for its involvement in the Punjab National Bank fraud.

The government is expediting proposals to be sent to the Board of Approvals (BoA), the highest decision making body on Special Economic Zones, for sanction of

SEZ to the jewellery processing units over 25 acres. It has sought project reports from the companies to be forwarded to the BoA well before its next meeting in May end or early June. The gold refineries, however, will come up in non-SEZ area.

Mr. Ranjan said unrefined gold from Africa will be imported by the companies by air and transported to the refineries under strict security for production of gold dores. There was only one compa-

ny involved in this activity at Nadaun in Hamirpur district of Himachal Pradesh. Otherwise, jewellery processing units import refined gold from abroad to produce finished products.

The refinery that has already expressed willingness to start operations with a production capacity of 30 tonnes per annum of gold dores and 100 tonnes per annum of silver dores with a fixed and working capital of ₹ 550 crore in the first phase. The production will be scaled up to 50 tonnes of gold dores and 150 tonnes of silver dores in the second phase with a capital of ₹ 750 crore. It has projected an annual turnover of ₹25,000 crore.

Revenue generator

The government hopes that the Gross State Domestic Product will go up significantly with the coming up of the refineries and processing units. The erstwhile Andhra Pradesh was the second largest consumer of gold in the country.

Essar Steel battle: As ArcelorMittal gets more time, Numetal moves NCLAT

ArcelorMittal has been given 30 days by the NCLT to 'cure its deficiency' to be eligible

SURESH P IYENGAR
Mumbai, April 26

Numetal Mauritius, backed by Russia's VTB Bank, moved the National Company Law Appellate Tribunal (NCLAT) on Thursday claiming that rival ArcelorMittal should not be permitted 30 days to "cure its deficiency" in order to be eligible to bid for Essar Steel.

The case will come up for hearing on Friday.

Numetal cries foul

Numetal pointed out that insolv-

ency rules introduced in November 2017 bar promoters with loan defaults from bidding for stressed assets. ArcelorMittal, which had a stake in the debt-laden Uttam Galva, had placed a bid for Essar Steel this February.

Numetal said the Ahmedabad bench of the National Company Law Tribunal (NCLT) had disqualified ArcelorMittal India Ltd from bidding for Essar Steel on the grounds that it was a promoter company of firms that had defaulted on payment of bank loans.



The NCLT had, however, "erred" in permitting ArcelorMittal India Ltd "to cure the ineligibility by making payment of the overdue amounts of Ut-

tam Galva and KSS Petron" within 30 days, it said.

"Instead of repaying the defaulted amount, ArcelorMittal sold its shares in Uttam Galva to

make itself eligible. Why give 30 days now after the CoC already rejected its bid?" asked a legal source close to Numetal.

Interestingly, Uttam Galva has offered to pay its dues before the NCLT, but its case will come up for hearing only on June 6. The company owes ₹5,600 crore to a consortium of banks led by SBI.

The delay in hearing Uttam Galva's case could complicate things further for ArcelorMittal. A source close to ArcelorMittal said Numetal seemed to be going to great lengths to prevent it from acquiring Essar Steel.

Media reports suggest ArcelorMittal has made a superior offer for Essar and the company

has always maintained its eligibility to buy the Indian steel-maker, the source said. It is disappointing for Essar's stakeholders that there are attempts to delay a swift resolution, he added.

CoC to meet tomorrow

The Committee of Creditors (CoC), which was to meet on Friday to take a call on the bids placed by ArcelorMittal and Numetal, has deferred its meeting to Saturday due to a delay in getting legal opinion on the matter.

The lenders are veering towards calling for fresh bids after rejecting the bids placed by both companies.

MOIL Ltd and Hindustan Copper Ltd sign MoU



■ Business Bureau

MOIL Limited and Hindustan Copper Limited, Schedule-A Miniratna CPSEs under Ministry of Steel and Ministry of Mines respectively, have signed MoU on April 22, 2018 at Balaghat mine of MOIL. As per the MoU, HCL will supply silica sand generated from its proposed copper ore tailings beneficiation plant (under construction) to MOIL for sand stowing operations in its Balaghat mine.

At present, MOIL uses river sand for filling, which is essential for maintaining safety in underground mines. Taking into consideration likely shortage of

sand in the future and consequent increase in cost of production, both the CPSEs have taken advance action to reduce dependence on river sand. Use of such rejects is being experimented by synergizing two CPSEs' strengths and is a step towards utilisation of waste.

The MoU was signed by Santosh Sharma, HCL CMD and Mukund P Chaudhari, MOIL CMD in the presence of Shome, Director (Production and Planning), Vikas Parida, Senior DGM (Mines) and Ummed Bhati, Mine Manager for MOIL and Tiwari, Head of Malajkhand Copper Project, Vivek Gupta and Patil for HCL.

BUSINESS LINE

DATE: 27/4/2018 P.N.14

5-week low on stronger dollar

REUTERS

London, April 26

Gold prices hovered near five-week lows on Thursday as higher US bond yields and a stronger dollar dampened interest in bullion.

Spot gold was down 0.2 per cent at \$1,320.21 an ounce by 1509 GMT. On Wednesday, gold touched its lowest since March 21 at \$1,318.51. US gold futures were 0.1 per cent lower at \$1,321.70.

Gold has been stuck in a trading range between about \$1,360 and \$1,310 since hitting a 1-1/2-year high of \$1,366.07 in January.

It is supported by geopolitical uncertainty, which has fuelled haven demand for gold, but prevented from moving higher by fears of rising US interest rates.

Silver was up 0.2 per cent at \$16.55 an ounce.

In other precious metals, platinum was up 0.3 per cent at \$906.30 and palladium slipped 0.3 per cent to \$973.97.

THE TIMES OF INDIA DATE: 27/4/2018 P.N.10

Essar Steel: Numetal moves NCLAT

Mumbai: Ahead of the lenders' meeting on Friday which may ask for fresh bids for the bankrupt Essar Steel's assets, Numetal on Thursday approached the National Company Law Appellate Tribunal (NCLAT).

Numetal's application at NCLAT is aimed at pre-empting a possible move by the lenders to call for fresh bids as the two bids submitted peg the value of the assets only under 40% of the Rs 45,000 crore that Essar Steel owes to over 30 lenders. The



EEYING LEGAL HELP

company is majority owned by the Russian state-run lender VTB Bank's private equity arm VTB Capital and Ravi Ruia's son Rewant Ruia-controlled Aurora Trusts, which controls 25%.

"We have moved an application at the NCLAT, which will be heard tomorrow," a Numetal India official said seeking anonymity. The official refused to share details saying the matter is subjudice. The Section 29A (c) of the revised Insolvency and Bankruptcy Code (IBC) allows a defaulted promoter, if wants to bid for the asset through the National Company Law Tribunal (NCLT) to do so provided he clears the arrears and make the account standardised. AGENCIES

"Consider our bid for Essar Steel, Vedanta tells Committee of Creditors

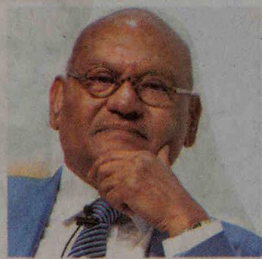
SURESH P IYENGAR

Mumbai, April 27

After JSW Steel, billionaire Anil Agarwal-owned Vedanta has said that its bids placed for Essar Steel should be considered before a final decision is taken.

In a letter written to the Committee of Creditors of Essar Steel, Vedanta has said it would be really unfair on CoC's part to reject the superior bid submitted by the company after a lot of effort even without considering. JSW Steel had also asked the Essar Steel lenders to consider its bid.

Vedanta had placed its bid in the second round after the CoC rejected the initial bids of Numetal Mauritius and ArcelorMittal. However, the National Company Law Tribunal ordered the CoC to reconsider the first bid



Anil Agarwal

placed by Numetal and ArcelorMittal after providing them 30-day time to cure their deficiencies.

The Tribunal also asked the CoC to scrap the bids received in the second round.

Second round

Earlier, JSW Steel — which had tied-up with Numetal in the second round of bidding — had written to CoC asking them to call for a third

round from all interested companies.

It also questioned the CoC's decision to restrict the second round of bidding only to companies that have placed Expression of Interest at the start of bidding process.

Meanwhile, the lenders of Essar Steel met on Friday but did not take any final decision. Some bankers are understood to have taken a view to go by the NCLT's order to review the bids submitted by Numetal and ArcelorMittal. This could dampen the chances of Vedanta and JSW Steel. However, other bankers on the CoC are still in favour of inviting fresh bids.

NCLAT hearing

In another development, the National Company Law Ap-

pellate Tribunal (NCLAT) has agreed to hear on May 17 the petitions filed by Numetal Ltd and ArcelorMittal, challenging eligibility criteria.

The NCLAT issued notices to a committee of Essar Steel creditors, the resolution professional running an auction of the company and the two bidders on the cross petitions. Russian VTB Bank-promoted consortium, Numetal Mauritius, had moved the NCLAT on Thursday claiming that ArcelorMittal should not be given 30-days time to cure its deficiency in order to be eligible for acquiring Essar Steel.

Numetal alleged that ArcelorMittal has placed bid for Essar Steel after the insolvency rules were amended to ban promoters with loan defaults from bidding for stressed assets.

Essar Steel lenders to hear out Arcelor, Numetal

TIMES NEWS NETWORK

Mumbai: Vedanta and Numetal have queered the pitch for creditors by offering to match the best bids, even as lenders give a chance to the two original bidders which were initially rejected. The lenders have decided to abide by the National Company Law Tribunal (NCLT) order to study the proposals by ArcelorMittal and Numetal and give them time to correct the discrepancies in their bids.

The committee of creditors (CoC) to Essar Steel met in Mumbai for the second day this week with a majority of them voting to support the NCLT decision instead of in-

venting fresh bids. This decision means that both Numetal and ArcelorMittal will make presentations to the CoC, which will give them a month to make themselves eligible. If the CoC does not find either of them to be eligible in one month, it will need to seek more time from the tribunal. Essar Steel owes lenders Rs 44,000 crore and is facing total claims of nearly Rs 55,000 crore.

Earlier, the bids put up by ArcelorMittal and Numetal were not considered by the CoC as the resolution professional had termed them ineligible. Numetal was declared ineligible because of its links with Essar Steel promoters,



while ArcelorMittal was rejected because two Indian companies acquired by the world's largest steelmaker — Uttam Galva and KSS Petron — were classified as defaulters.

ArcelorMittal's stake sale in the defaulting companies did not help as, on the date of commencement of the corporate insolvency resolution plan, it was a promoter of the defaulting company. There is

Vedanta has communicated to the lenders that it will match the best bids and has urged the CoC to open the second round of bids

a provision in the law where even a defaulting company can participate after repaying all outstanding loans in full. ArcelorMittal can, therefore, still cure its proposal by repaying close to Rs 7,000 crore that is owed to banks by Uttam Galva and KSS Petron.

Numetal, which is backed by Russia's VTB Capital, is understood to have written to lenders that it will match Ar-

celorMittal's higher bid provided ArcelorMittal is declared ineligible.

Meanwhile, Vedanta has communicated to the lenders that it will match the best bids and has urged the CoC to open the second round of bids. It was the second round that had seen Vedanta enter the fray as a new participant.

Another company JSW had also come in as a partner to Numetal after it had dropped Rewant Ruia (son of Essar Promoter Ravi Ruia) as an investor as his presence had turned out to be contentious while determining eligibility. JSW has now said that it is willing to participate as a solo participant if bids are re-invited.

Gold on track for second weekly fall; other metals also drift

REUTERS

London, April 27

Gold edged higher on Friday but is likely to revisit five-week lows after the prospect of a Korean de-nuclearisation deal eroded bullion's haven appeal.

Spot gold was up 0.1 per cent at \$1,318.52 an ounce by 1245 GMT, its weakest since March 21. The metal was on track to finish the week down more than 1 per cent for its second consecutive weekly decline and the biggest weekly drop in four. US gold futures added 0.1 per cent to \$1,319.40.

Silver rose 0.3 per cent to

\$16.53 an ounce. It is down more than 3 percent this week, the biggest weekly drop since the week ending February 2.

Platinum dipped by 0.1 per cent to \$905.49 an ounce, while palladium eased by 0.5 per cent to \$979.60. It has rallied nearly 10 per cent since the US sanctions were imposed on Russian entities on April 6. Russia is the world's biggest producer of palladium.

The spread between platinum and palladium has widened to \$75 from about \$50 over the past three days.

Aluminium heads for biggest weekly drop in seven years

REUTERS

London, April 27

Aluminium fell on Friday after sources said sanctions-hit Russian aluminium producer Rusal will overhaul its management structure in a bid to restore shipments. This further dampened fears of a supply shortfall.

The metal is set for its biggest weekly drop in seven years as investors scaled back bets that the sanctions, which buoyed prices to the highest since 2011 last week, would hurt availability.

The metal fell sharply from its April 19 peak after the United States on Monday gave American customers of Rusal more time to comply with sanctions, though it rebounded as the week wore on.

"It's a bit of a roller-coaster but the clear message is that both sides are trying to work out a way to avoid sanctions on Rusal," Capital Economics analyst Caroline Bain said.

"We had signs of that from the US side this week, and now it looks as though Russia (and) Rusal are also making efforts to at least soften the blow."

This month's sharp price swings still leave the metal up nearly 12 per cent so far in April, its biggest monthly rise in nearly eight years.

Three-month aluminium on the London Metal Exchange was down 1.3 per cent at \$2,245.50 a tonne by 1020 GMT, and has fallen more than 9 per cent so far this week.

On-warrant aluminium stocks - those not earmarked for delivery and available to the market - rose 12,475 tonnes to 930,125 tonnes, exchange data showed on Friday.

Fura looks to mine diamonds in India

Firm interested in Bunder mine in M.P.

LALATENDU MISHRA
MUMBAI

Fura Gems Inc., a gemstone mining and marketing company listed on the Toronto Stock Exchange, plans to expand operations in India in the areas of diamond mining and marketing of emeralds and rubies, a top company official said.

"We are looking at mining opportunities in India," Dev Shetty, CEO, Fura Gems Inc. said in a telephonic interview from its Dubai headquarters. "We are interested in the Bunder diamond mines in Madhya Pradesh. That project is at an advanced stage of exploration and has a life span of 20 years. We are keen to invest," he added.

'Make in India plan'

"We can mine diamonds and directly sell in India; this will be our contribution for 'Make in India'. Today, India imports almost all diamonds cut, polished and consumed in the country. Our diamond mining initiative will reduce India's dependence on diamond imports and help save outflow of foreign exchange," Mr. Shetty said.

Besides, the company, controlled and managed by People of Indian Origin (PIOs) and Non-Resident Indians (NRIs), has decided to set up a marketing division in India by September to support growth. According

to Mr. Shetty, much of the the leadership team at Fura Gems was from India with years of experience in the natural resources industry.

India is one of the largest markets for gemstones, primarily emerald and ruby, which will be produced and marketed by the company by next year.

Global holdings

The company, a part of the Toronto-based Forbes & Manhattan controlled by Stan Bharti, a PIO, has acquired four licences in Mozambique to mine ruby and has acquired 76% interest in Coscuez Emerald mines in Columbia. It will mine and sell rough gemstones without getting into cutting and polishing.

"We have already started bulk sampling of emeralds and will start selling [the stones] from March 2019. We are going to start mining rubies from July 2018 and start selling those from mid-2019. Though our focus is the global market, we cannot ignore India which is a significant market," said Mr. Shetty, who is credited for turning around Gemfields, the world's biggest colour gemstones company.

"[About] 60% of the world's emerald's are cut and polished in Jaipur; 25% of emeralds and rubies find a home in India and we need to be in this market," Mr. Shetty added.

अवघ्या दोन महिन्यात २५ लाखांच्या हिऱ्यांची विक्री

हिऱ्यांना पैलू पाडण्याच्या प्रशिक्षणाची फलश्रुती

वसंत खेडेकर
लोकमत न्यूज नेटवर्क

बल्लारपूर (चंद्रपूर) : शासनाच्या कौशल्य उद्योजकता विकास अभियानांतर्गत येथील दादाभाई पाटरीज परिसरात हिऱ्यांना पैलू पाडण्याचे निवासी कौशल्य प्रशिक्षण दोन महिन्यांपासून सुरू आहे. प्रशिक्षणार्थींनी तयार केलेले ४० कॅरेट वजनाचे २५ लाख रुपये किमतीचे हिऱ्यांची विक्री झाली असून इतक्या कमी अवधीत एवढ्या मोठ्या प्रमाणात हिरे विक्री होणे हे या प्रशिक्षणाचे मोठे यश म्हणावे लागेल. येथे मुख्यतः ग्रामीण भागातील तरुण प्रशिक्षण घेत असल्याने या यशाचे मोल हिऱ्याइतकेच मोल्यवान ठरे.

राज्यार्थ अर्थ, वन आणि नियोजनमंत्री सुधीर मुनगंटीवार यांच्या प्रयत्नां हे प्रशिक्षण केंद्र सुरू झाले आहे. एकावेळी पाचशे जणांना प्रशिक्षण दिले जात असून प्रशिक्षणाचा कालावधी चार महिन्यांचा (८०० तास) आहे. निवास व

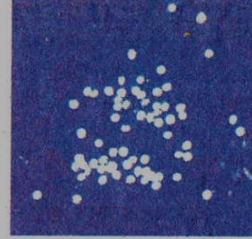


हिरावर पैलू पाडताना प्रशिक्षणार्थी.

भोजनाची सोय मोफत आहे. १५ प्रशिक्षक असून हिऱ्यांना पैलू पाडण्याच्या एकूण १०० मशीन्स आहेत. एका मशीनवर चार जण बसतील, अशी व्यवस्था आहे. रोज सहा तास प्रशिक्षण दिले जाते. महाराष्ट्रातील या प्रकारचे हे पहिलेच आणि एकमेव प्रशिक्षण केंद्र आहे, अशी माहिती केंद्र संचालक निलेश गुल्हाने यांनी 'लोकमत'ला दिली. ग्रामीण भागातील युवकांना रोजगाराच्या संधी मिळव्यात,

हा या केंद्राचा मुख्य उद्देश आहे. येथून प्रशिक्षण घेऊन निघणाऱ्यांना नक्कीच सूरत-मुंबई सारख्या ठिकाणी चांगल्या पगाराची नोकरी मिळण्याची हमी हे केंद्र देत आहे.

प्रशिक्षणाकरिता येथे कच्चे हिरे बेल्जियम, इस्राईल, दक्षिण आफ्रिका या देशातून मागविले जातात. ओबडधोबड हिऱ्यांना प्रशिक्षणार्थी रेखीव पैलू पाडतात. तयार झालेले हिरे सूरत येथील मर्चेटाईन हाऊसला



विक्रीसाठी उपलब्ध असलेले हिरे.

सत्र संपण्याआधीच येथील ५०० जागांकरिता १००० युवकांनी नाव नोंदणी केली आहे. त्यात ग्रामीण भागातील युवकांची संख्या अधिक आहे. या केंद्राची दखल राष्ट्रीय स्तरावर घेतली गेली आहे.

- निलेश गुल्हाने, केंद्र संचालक

विक्रीकरिता पाठविले जातात. येथे पैलू पाडलेले २५ लाखाचे हिरे सूरतला विकल्या गेले आहेत. सूरत व मुंबईला हिऱ्यांना पैलू पाडणाऱ्या कारागिरांची गरज आहे. ही गरज लक्षात घेऊन महाराष्ट्र राज्य कौशल्य विकास सोसायटी अंतर्गत प्रमोद महाजन

वैशिष्ट्ये

- ◆ कच्च्या हिऱ्याचा आकार एक मिलिमीटर एवढा लहान असतो. त्यांना मोठ्या खुबीने व काळजीने पैलू पाडावे लागतात.
- ◆ ग्रामीण युवकांमध्ये कौशल्य व जिद्द आहे. त्यांना संधी मिळाल्यास ते संधीचे सोने करू शकतात, हे या प्रशिक्षणातून बघायला मिळाले
- ◆ हे प्रशिक्षण महिलांनाही दिले जाणार आहे. तसा प्रस्ताव संबंधित विभागाकडे पाठविण्यात आला आहे.
- ◆ प्रशिक्षणाचे ८०० तास पूर्ण झाल्यानंतर परीक्षा घेऊन उत्तीर्णांना प्रमाणपत्र दिले जाणार आहे.

कौशल्य व उद्योजकता विकास अभियानांतर्गत हिऱ्यांना पैलू पाडण्याचे निवासी कौशल्य प्रशिक्षण एन.डी. जेम्स प्रशिक्षण केंद्रामार्फत चालविले जात आहे. प्रशिक्षण येथे तीन वर्षे चालणार असून या दरम्यान तीन हजार युवकांना प्रशिक्षित केले जाणार आहे, असे गुल्हाने यांनी सांगितले.

THE HINDU DATE: 30/4/2018 P.N.15

'No question of closing down Sterlite unit'

Committed to process of law in resolving imbroglio around T.N. plant, says Vedanta's Kishore Kumar

K.T. JAGANNATHAN
CHENNAI

Sterlite Copper said it was fully committed to the process of law in resolving the imbroglio at its copper smelting plant in Thoothukudi District of Tamil Nadu.

Data collected and monitored continuously on pollution levels and other aspects fully supported Sterlite's case, said R. Kishore Kumar, director - strategy and business development, Vedanta Resources Plc.

In this context, he pointed out that the green courts and others had legally cleared the operation of Sterlite unit

long ago. The company had sought the renewal of licence for the operation of its existing plant much before the expiry date. The State authorities, however, had chosen to seek further information much later, after the expiry of the licence, he added.

Production loss

To a question, he asserted that "there is no question of closing down the unit." He said the continued shut-down meant a production loss of 1,200 tonnes a day. Given the current supply-demand gap, this would result in an increase in import of



R. Kishore Kumar

copper, which would have attendant consequences for the country's foreign exchange dynamics, he added.

Almost a third of the country's demand is serviced by the Sterlite unit. With va-

rious global agencies saying India would grow at more than 7% over the next couple years, the copper demand-supply scene would turn a lot tighter, he said.

The expected step-up in power generation would only compound the predicament for the copper industry. Unless, the supply improved with the creation of fresh capacity, the situation would turn tough for copper-using industries, he added. The expansion exposal at Thoothukudi must be read against this backdrop, he said. The stalling of the existing operation, ho-

wever, added a whole new dimension to the global copper scene. This had already handed out a kind of default advantage to other copper-producing nations, he said.

Conceding that the stalemate had put the brand image of the group, which had presence across the globe, in a bit of a spot, he, nevertheless, pointed out that this could have perception implications for the country as a whole among the global investing community. Sterlite's facility has been facing a barrage of protests on the ground the facility was polluting the environment.

Numetal, Like ArcelorMittal, has to Clear Dues of Connected Parties

Dropping Rewant alone won't make it eligible for Essar Steel, say legal experts

Sangita.Mehta@timesgroup.com

Mumbai: Numetal too will have to regularise the accounts of defaulting companies connected to the members of the consortium, as does ArcelorMittal, to be eligible to bid for bankrupt Essar Steel, legal experts involved in the matter said.

Based on legal advice, lenders have asked both Numetal and ArcelorMittal to make a case for their eligibility to bid for Essar Steel on May 2 as well as give a plan to clear the arrears of the connected parties, two senior officials involved in the resolution of the bankrupt steel company said, speaking on condition of anonymity.

VTB Bank-led Numetal has a member of Essar Steel's promoter family as a partner and it raises questions about its eligibility to bid for the steelmaker — the Insolvency and Bankruptcy Code prevents promoters of stressed firms to bid for other such assets unless they cleared arrears.

While the consortium has decided to drop Rewant Ruia as a member, that alone will not be enough to make it eligible, the experts said. This is because the lenders are considering the applications submitted by the two bidders in the first round, as ordered by the National Company Law Tribunal, and Numetal at the time had listed Rewant Ruia as a member

of the consortium.

"The formal resolution plan submitted on February 12 has Rewant Ruia, son of Ravi Ruia who is a founder promoter of Essar Steel, as a co-applicant," said one of the legal experts. "Thus as a connected member, Numetal will have to clear

dues of the companies connected to Ravi Ruia wherever there are defaults."

Essar Steel, promoted by brothers Shashi and Ravi Ruia, is facing insolvency proceedings with claims of Rs

49,000 crore from financial creditors.

Legal experts said if chairman Lakshmi Mittal dropping his name as promoter of defaulting companies — Uttam Galva and KSS Petron in his case — is not enough for ArcelorMittal to be eligible, the same holds for Numetal as well.

While Numetal said it was willing

to exclude Rewant Ruia from the consortium, that decision was conveyed to the lenders a few days after the deadline to submit bids ended, and so its application does not have a legal sanctity, the legal experts told ET.

Members from committee of creditors (COC) declined to comment on the development. Spokespeople for both ArcelorMittal and Numetal said they believed their bids were eligible.

The National Company Law Tribunal had ordered lenders to consider the eligibility of the bidders of the first round — ArcelorMittal and Numetal were the only two at the time — while prohibiting them to open the bids received in the second round.

"The lenders should provide opportunity not exceeding 30 days for making payment of overdue amounts or to remove its disability," the tribunal had said. While ArcelorMittal will have to clear dues of two defaulting companies totalling ₹7,000 crore, details of Numetal's arrears are not immediately known.

Lenders ask Numetal and ArcelorMittal to make a case for their eligibility for Essar Steel on May 2

The yellow metal can remain range-bound

GURUMURTHY K

Gold prices have fallen for the second consecutive week. The global spot gold prices fell 1.5 per cent intra-week to reach a low of \$1,315 per ounce. The prices have, however, recovered slightly from this low and closed the week 0.9 per cent lower at \$1,324 per ounce.

Silver, which outperformed gold in the previous week, was knocked down this past week. The global spot silver prices tumbled 3.6 per cent in the past week and closed at \$16.51 per ounce.

On the domestic front, the gold and silver futures contract on the Multi Commodity Exchange fell in tandem with the global prices.

The MCX-Gold futures contract was down marginally by 0.7 per cent last week. It closed at ₹31,211 per 10 g. On the other hand, the MCX-Silver futures contract plummeted 3.6 per cent in the past week and closed at ₹39,004 per kg.

Two major factors have been dragging the bullion prices lower over the past couple of weeks. First is the rising US Treasury yields. The US 10-year Treasury yield surged over 3 per cent last week. This helped the dollar index breach the key level of 91 and rally to test 92 levels in the past week. Higher yields and a strong dollar took the sheen off from gold, and dragged it lower last week.

The second factor that kept the gold prices under pressure was easing geo-political tensions in the Korean peninsula.



कुछ कोयला ब्लाक्स में समय से पहले उत्पादन

एजेंसियां

दिल्ली. सरकार ने कहा कि कुछ अनुसूची तीन कोयला ब्लॉकों ने तय समय से पहले उत्पादन शुरू कर दिया है. इसके साथ ही सरकार ने भरोसा जताया कि शेष खानों में भी निर्धारित समय पर उत्पादन शुरू हो जाएगा. कोयला सचिव सुशील कुमार ने कहा अनुसूची तीन खानों में उत्पादन जून, 2018 के बाद शुरू होना था. इनमें से कुछ ने समय से पहले उत्पादन शुरू कर दिया है. शेष खानों में तय समय पर उत्पादन शुरू होगा. अनुसूची 2 में उत्पादन करने वाली खानें आती हैं, जबकि अनुसूची 3 में वे खानें आती हैं जिनमें उत्पादन शुरू होने वाला है. सचिव ने कहा अनुसूची 2 की कोयला खानों में से कुछ में उत्पादन में शुरू हुआ है. वहीं कुछ अन्य में जमीन के मुद्दे या अदालती मुद्दे या पर्यावरण वन मंजूरी जैसे मुद्दों की वजह से उत्पादन शुरू नहीं हो पाया है. ऐसे में कुछ में उत्पादन शुरू हो गया है कुछ में देरी हुई है. उच्चतम न्यायालय ने सितंबर 2014 में विभिन्न सरकारों और निजी कंपनियों को कोयला खान कानून, 1973 के तहत 1993 से आवंटित 204 कोयला खानों का आवंटन रद्द कर दिया था.

RP may try to stop liquidation of Adhunik Metaliks

PRESSTRUST OF INDIA
KOLKATA, APRIL 29

ADHUNIK METALIKS, which is staring at liquidation, may get a breather as the Resolution Professional (RP) is set to urge before the NCLT on May 1 to scrap up to 25 days from the mandated 270-day resolution deadline.

The 270-day deadline under the corporate insolvency resolution process (CIRP) ends today. The case will come up at the Kolkata bench of NCLT on May 1 where its fate will be decided.

The RP may plead before the NCLT that up to 25 days got wasted on account of the eligibility criteria for the H1 (highest) bidder in order to protect the firm from going into liquidation.

Adhunik Metaliks, the flagship of the Adhunik Group, is staring at liquidation as no resolution plan for the insolvent company has been approved by its lenders owing to eligibility issues of the UK-based Liberty House under Sec 29A of the IBC.

"The RP, Sumit Binani, will be seeking omitting up to 25 days from the mandated 270 days before the NCLT for unwanted days lost in seeking clarifications from the Liberty House after ineligibility issue cropped up," a source in the know said.

BUSINESS LINE DATE : 30/4/2018 P.N.8

Gold outlook

The global spot gold (\$1,324 per ounce) has a support at \$1,317 and resistance at \$1,340. A range-bound move between these two levels is likely, and a breakout on either side of \$1,317 or \$1,340 will determine the next move. A strong break above \$1,340 will increase the likelihood of the prices rallying to \$1,355 and \$1,360. On the other hand, if gold declines below \$1,317, the prices can fall to \$1,310 or \$1,305.

On the domestic front, the MCX-Gold (₹31,211 per 10 g) has key supports near current levels at ₹31,090 and at ₹31,000. Though a test of these supports cannot be ruled out in the near term, a break below ₹31,000 looks less probable. An upward reversal from these supports can take the contract higher to ₹31,400. A further break above ₹31,400 will pave way for the next targets of ₹32,000 and ₹32,200.

Traders with a medium-term perspective can go long on dips at ₹31,150 and at ₹31,050. Stop-loss can be placed at ₹30,600 for the target of ₹32,000. Revise the stop-loss higher to ₹31,250 as soon as the contract moves up to ₹31,430.