



# खनिज समाचार

**KHANIJ SAMACHAR**

**Vol. 2, No-10**

**(As appeared in National/Local Newspapers Received in Central Library, IBM, Nagpur)**

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# खनिज समाचार

# KHANIJ SAMACHAR



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VOL. 2, NO-10, 16<sup>th</sup>- 31<sup>st</sup> MAY, 2018

**BUSINESS LINE**  
**DATE: 21/5/2018 P.N.8**

<b>Metals (\$/tonne)</b>						
Aluminium	2267	-0.5	-10.8	18.0	2603	1855
Copper	6825	-1.2	-2.2	-22.7	7216	5488
Iron Ore	66	1.8	7.0	9.7	81	54
Lead	2315	-0.8	-2.5	12.6	2683	2030
Zinc	3097	1.1	-4.7	23.0	3619	2434
Tin	20835	-1.0	-3.8	2.4	22104	18867
Nickel	14689	5.0	-3.5	60.8	15720	8710

**BUSINESS LINE**  
**DATE: 28 /5/2018 P.N.8**

<b>GLOBAL</b>	Price	Change in %		Yearly	52-Week	
		Weekly	Monthly		High	Low
<b>Metals (\$/tonne)</b>						
Aluminium	2254	-0.6	0.2	15.1	2603	1855
Copper	6865	0.6	-1.5	-20.3	7216	5540
Iron Ore	62	-5.2	-4.6	0.6	81	54
Lead	2428	4.9	5.5	17.6	2683	2030
Zinc	3049	-1.5	-2.5	16.2	3619	2434
Tin	20185	-3.1	-6.0	-1.7	22104	18867
Nickel	14724	0.2	4.5	63.6	15720	8710

## “Strong on facts’, Sterlite Copper hopes to restart TN smelter unit soon

Appeal against TNPCB decision coming up tomorrow

**N MADHAVAN**

Chennai, May 15

Sterlite Copper, the Vedanta group company that has been embroiled in pollution-related controversy yet again, is hopeful of re-starting its copper smelter facility at Thoothukudi in southern Tamil Nadu soon.

The company’s appeal against the Tamil Nadu Pollution Control Board’s (TNPCB) decision not to renew the ‘consent to operate’ is coming up at the Appellate Authority – Tamil Nadu Pollution Control Board on May 17.

“We are confident. We are strong on facts,” P Ramnath, Chief Executive Officer, told *BusinessLine*.

The company’s smelter plant with a capacity to produce 4 lakh tonnes per annum has remained shut since the last week of March after the TNPCB refused to extend the ‘consent to operate’ – an approval that is required for any facility to continue operations.

### Multiple reasons

“We applied for the consent in January. As per the norms, TNPCB should have responded in 45 days. They kept us hanging and finally held back the con-



P Ramnath, CEO, Sterlite Copper

sent,” he said. The earlier consent expired on March 31, 2018. The TNPCB has said that it has held back the consent for multiple reasons which include non-furnishing of ground water analysis report both within the factory and surrounding areas, non-removal of copper slug stored along Uppar river and non-construction of a physical barrier between the slag land fill and the river, generation and disposal of hazardous waste without proper authorisation as per rules, non-submission of ambient air quality, noise level and stack emission and non-construction of a gypsum pond as per the Central Pollution Control Board (CPCB) guidelines.

The company, on its part, has said that it has strong response for each of these reasons.

### Previous closure

This is not the first time the unit has shut down for environmental reasons.

The previous closure in 2013 saw the matter go up to the National Green Tribunal and

then the Supreme Court. The plant remained shut for weeks.

The latest round of protests against the unit started when the company announced plans to double its capacity to 8 lakh tonnes at an investment of ₹3,000 crore.

Leading politicians in the State also lent their support. “We have invested as much as ₹500 crore in pollution abatement. Also, we do not let out sulphur dioxide as we convert it to sulphuric acid and sell it,” Ramnath said.

The company claims that it has put in place state-of-the-art equipment such as fence-line monitoring system, live flow of emission data to TNPCB, interlocks (this facility stops the plant automatically if sulphur dioxide levels exceed the permissible levels) and the entire plant is a zero-discharge facility.

As regards the expansion, Ramnath claims that the company has got the necessary clearances from both Ministry of Environment and Forests and TNPCB. It blames foreign-funded NGOs with ‘hidden agenda’ for the protests.

The protesters blame the company for flouting rules and all ills in and around the plant in Thoothukudi.

All eyes are now on the Appellate Authority as it hears the company and those opposing its operation on May 17.

# NCLT clears Tata Steel's ₹32,500-crore resolution plan for Bhushan Steel

SURESH P IYENGAR

Mumbai, May 15

The National Company Law Tribunal (NCLT) on Tuesday approved the ₹32,500-crore resolution plan submitted by Tata Steel for debt-ridden Bhushan Steel.

The tribunal also imposed a penalty of ₹1 lakh each on Larsen and Toubro and on Bhushan Steel employees.

While the employees had filed an appeal against Tata Steel's bid, L&T, which has outstanding dues of ₹900 crore from Bhushan Steel, had appealed to the Tribunal to reclassify it as secured creditor so that it can recover more money from the insolvency resolution.

The Bench, comprising NCLT President Justice MM



**With Bhushan Steel under its belt, Tata Steel will add 5.6 mtpa to its existing capacity of 13 mtpa and emerge as the largest steel producer in the country.**

Kumar and SK Mohapatra, also dismissed Bhushan Energy's plea to direct Tata Steel, the new owners of Bhushan

Steel, to continue with its power purchase agreement.

With the deal now approved by NCLT, Tata Steel will add 5.6 million tonnes per annum to its existing capacity of 13 mtpa and emerge as the largest steel producer in the country, ahead of JSW Steel.

Bhushan Steel's committee of creditors (CoC) had approved Tata Steel's resolution plan, which includes an allotment of 12.27 per cent equity in the company to creditors. The company, which was admitted for insolvency proceedings last February, had defaulted on its ₹56,000-crore loan.

As it found a new suitor in Tata Steel, the Bhushan Steel scrip was locked at 5 per cent in the upper circuit at ₹23.95

on Tuesday. This will be the second resolution for stressed assets to receive final NCLT approval.

Earlier, Vedanta had bagged Electrosteel Steels with its resolution plan, which involved a cash payout of about ₹5,300-crore and a haircut of 60 per cent to lenders.

## Electrosteel plan

Electrosteel owes lenders over ₹13,000 crore, of which about ₹5,000 crore is to State Bank of India alone.

Vedanta had said one of its wholly-owned subsidiaries would subscribe to the share capital of Electrosteel for an aggregate amount of ₹1,805 crore and provide additional funds aggregating to ₹3,515 crore by way of debt.

# Gold Imports Tumble 33%, Exports Rise 5.2% in April

Imports grow 4.6% on year at \$39.63 bn, leaving trade deficit of \$13.72 bn, same as March

## Our Bureau

**New Delhi | Kolkata:** Sharp decline in gold imports helped keep trade deficit in check in April even as exports rose at a modest pace in the first month of the new fiscal.

Exports rose 5.2% in April at \$25.91 billion in April, as per data released by commerce and industry ministry on Tuesday.

Imports grew 4.6% on year in the first month of the new fiscal at \$39.63 billion leaving a trade deficit of \$13.72 billion, almost same level as in March.

"The total increase in exports is modest and augurs well for global exports when seen along with the recovery in Chinese exports," said Ajay Sahai, director general, Federation of Indian Export Organisations.

China's exports rebounded in April and rose 12.9%.

However, India's outbound shipments of leather, gems and jewellery, textiles and carpets declined has set off alarm bells in industry on employment pro-



blems even though global demand looks healthy.

"Most of the large employment generating sectors are not doing well. Banks are becoming rigid and not showing the required flexibility which may affect businesses," Sahai said.

Exports in sixteen out of 30 sectors grew and the major commodity groups of export showing positive growth year-on-year were engineering goods (17.63%), organic & inorganic chemicals (38.48%), drugs &

pharmaceuticals (13.56%), cotton yarn/handloom products (15.66%) and plastics (30.03%).

## GOLD IMPORTS

Gold imports declined 33% last month to \$2.6 billion. Oil imports at \$10.41 billion, were 41.5% higher than the same month of previous year. Non-oil imports, however, dipped 4.3% to \$29.21 billion in April 2018.

"In April, India had imported 57 tonnes of gold. This month, import of gold is not likely to cross 40 tonnes," said Mukesh Kothari, director of RiddiSiddhi Bullion, citing weak market sentiment as the key reason.

Shift in consumption pattern and the recent rally in gold prices in India were other factors that led to a slump in gold demand.

Domestic consumption of gold in the first quarter of 2018 dropped by 12% from a year ago to 115.6 tonnes, while jewellery demand came down by 12% to 87.7 tonnes, according to World Gold Council. During the quarter, demand for gold as an investment

avenue dropped by 13% from a year ago to 27.9 tonnes.

After crude oil, gold is the second-highest imported commodity in India. The country is also its second-largest consumer.

## BALANCE OF TRADE

Though trade deficit rose marginally, a contraction in imports of gold and precious and semi-precious stones, and electronic goods, mitigated the impact of higher crude oil prices.

"Nevertheless, the continued rise in the crude oil price in the ongoing month does not augur well for the upcoming print of the merchandise trade deficit," cautioned Aditi Nayar, principal economist at ICRA.

Current account deficit is estimated at 1.8% of GDP in FY18, up from 0.7% of GDP in the year before. With crude prices rising, the deficit could worsen, putting pressure on the rupee and inflation. Services exports rose 7.16% in March at \$16.83 billion, as per Reserve Bank of India while imports were valued at \$10.28 billion.

**L&T'S PETITION SEEKING PRIORITY IN DEBT REPAYMENT REJECTED**

# Tatas' Bid for Bhushan Steel Receives NCLT Approval

**Tribunal dismisses  
plea by Bhushan Steel  
employees opposing  
Tata Steel's bid**

**Rakhi.Mazumdar**  
@timesgroup.com

**Kolkata:** The National Company Law Tribunal (NCLT) on Tuesday approved Tata Steel's bid for Bhushan Steel (BSL), clearing the deck for the bankrupt mill's acquisition by India's oldest maker of the primary infrastructure alloy.

The NCLT also dismissed a plea filed by the employees of Bhushan Steel opposing Tata Steel's bid. It also rejected another petition by engineering and construction major L&T, an operational creditor to Bhushan Steel: L&T had sought priority in repayment of debt in the resolution process.

A Tata Steel official confirmed the company had received NCLT approval for BSL but added the

company would not like to comment as it is awaiting details of the tribunal order. The NCLT nod will be a shot in the arm for Tata Steel which has been allegedly facing challenges in its efforts to assert control over BSL's main plant at Dhenkanal in Odisha.

On March 23, Tata Steel said it had accepted the letter of intent for Bhushan Steel under the corporate insolvency resolution process of the IBC after the Committee of Creditors (CoC) for BSL accepted its bid. Earlier, it had emerged as the highest bidder for Bhushan Steel with a ₹35,500-crore offer, paving the way for the acquisition of a 5-million tonne plant in Odisha with a product basket catering to high-value auto and consumer durable makers.

In the race for BSL, Tata Steel had edged past JSW Steel and a private equity backed group of 400-odd Bhushan Steel employees. On March 7, Tata Steel said it had received a formal communication from the resolution professional of Bhushan Steel that it had been identified as the highest evaluated compliant resolution appli-

cant to acquire a controlling stake in Bhushan Steel.

Following NCLT approval the only other nod that is awaited is from the Competition Commission of India (CCI). Bhushan Steel owes nearly ₹56,000 crore to its lenders.

Acquisition of BSL will be a key element in Tata Steel's domestic growth strategy under new Tata Sons chairman N Chandrasekaran. With Tata Steel tipped to enter into a joint venture with ThyssenKrupp of Germany for its European steel business, the focus is clearly back on growth in India.

Tata Steel's domestic steel capacity, now at 13 million tonnes, is poised to be augmented by 5.6 million tonnes with the Bhushan Steel acquisition. Bhushan Steel makes flat products like hot- and cold-rolled coil (HR/CR coils) and galvanised sheets.

The resolution process for BSL, which was referred to NCLT in July 2017, has had its share of challenges. At the end of January, BSL promoter and vice-chairman Nee-raj Singhal had sought to halt the process by writing to lenders and asking them to consider restructuring the company's debt under the sustainable structuring of stressed assets (S4A) mechanism by dividing the debt into sustainable and unsustainable parts, with no haircut.

# This CLRI tanning technique leaves chromium hiding

TE RAJA SIMHAN/  
Chennai, May 16

For a hundred years, leather tanneries have been polluting water bodies and soil by discharging billions of litres of highly toxic chromium contaminated water. This is because removing chromium from the waste water is expensive and the leather sector, dominated by small players, cannot afford it. But a cost-effective solution may finally be at hand to solve this problem.

A five-member team of scientists at CSIR's Central Leather Research Institute (CLRI) in Chennai have come up with a path-breaking solution: Waterless Chrome Tanning Technology (WCTT).

WCTT, a process developed a couple of years ago, is seeing a rather gradual adoption in India. About 60 chrome-

based tanneries (out of a total of 1,500) are using this patented technology even as it generates interest in Ethiopia, Sri Lanka, Vietnam, South Africa, the Netherlands, New Zealand, Vietnam and Brazil said J Raghava Rao, Chief Scientist, CLRI, who headed the five-member team.

## Resistance to change

Resistance to change among traditional tanners is the main reason for the slow adoption, though those who have implemented the technology swear by it.

"This is the best technology for the industry. Our company annually saves about ₹25 lakh," said AR Manikandan, Technical Manager at Bharat Enterprises in Ranipet, one of the first leather manufacturing units to adopt the WCTT.



Leather mixed with waste water containing chromium, salt and acid comes out of the mixing drum under the traditional process; (right) leather produced with the WCTT process BIJOY GHOSH



"In fact, we recovered the licence fee of ₹ 2.5 lakh in the very first month of deploying the technology," he added.

Chromium is the key to leather tanning. Of the 18 billion sq ft of leather produced globally every year, nearly 16 billion is made using chromium.

India produces about 2 billion sq ft of leather and the tanneries discharge about 20,000 tonnes of chromium.

More than salt and sodium sulphate, chromium is the most dangerous pollutant. When let out, the sludge forms a layer on the soil and prevent percolation of water.

The WCTT completely eliminates chromium-bearing water discharge.

"This is the highlight of the WCTT," says P Saravanan, Chief Scientist, CLRI. B Madhan Principal Scientist, CLRI, and Aravindhan Rathinam, a leather technologist, were the other two members

of the team that invented WCTT process.

Annually, about 70,000 tonnes of basic chromium sulphate (BCS) is used. The average uptake (absorption) of chromium by leather pelts during tanning is only 65 per cent out of chrome tanning agent offered. This means, 24,000 tonnes of chromium tanning agent remains unabsorbed and gets discharged along with waste water.

## Better absorption

According P Thanikaivelan, Principal Scientist, CLRI, in the WCTT the tanning is carried out without water but with 'simple chemicals' that ensure 100 per cent absorption of chromium by the hide.

"We are hopeful that more tanneries will use this technology. It's just a matter of time," said Rao of CLRI.

# Tata Steel returns to profit on one-off gain

## Clocks ₹14,688Cr Net In Q4 | Revenue Up 2%

TIMES NEWS NETWORK

**Mumbai:** A one-time gain has lifted Tata Steel's quarterly profit to Rs 14,688 crore, in contrast to a loss of Rs 1,168 crore a year earlier. The company recorded an exceptional charge of Rs 11,376 crore in the fourth quarter of fiscal 2018, which included a non-cash gain of Rs 14,077 crore on account of the restructuring of its UK pension scheme.

Tata Steel had separated the pension scheme from its UK arm to cut down its liabilities as well as to remove the stumbling block in its proposed joint venture with ThyssenKrupp for the European steel business. The company said that the agreement for the joint venture is expected to be signed in the current quarter. Tata Steel's operating profit for January-March declined 6% to Rs 6,579 crore, while its revenues rose 2.3% to Rs 36,132 crore due to improved metal prices.

On a standalone basis, the company's quarterly profit and turnover declined 27% and 5% to Rs 1,031 crore and Rs 16,281 crore, respectively. It also recorded an exceptional charge of Rs 1,607 crore on account of claims related to environment and mining issues. The India operations was impacted due to a blast furnace outage at its Kalinganagar plant. The issue has been resolved, said managing director TV Narendran.

Tata Steel, pegged as a proxy for the Indian metal industry, said that demand for the alloy in the country is expected to increase 6% in the current fiscal led by healthy growth expected in the automobile, construction and infrastructure sectors. Prices in the domestic market, too,

### STRONG SHOW

Tata Steel Consolidated Nos.	Q4FY18 (in ₹cr)	Q-on-Q (%) change	FY18 (in ₹cr)	Y-on-Y (%) change
Turnover	36,132	2.3	1,33L	13.3
Operating Profit	6,579	-6	22,045	29.4
Net Profit	14,688	#	17,763	*

#. Loss of ₹1,168cr in Q4FY17 | \*Loss of ₹4,169cr in FY17 | Source: Co

## Bhushan Steel owner moves NCLAT on bid

Reeba Zachariah & Sidhartha | TNN

**Mumbai/New Delhi:** A day after Tata Steel received the nod from the National Company Law Tribunal (NCLT) to acquire Bhushan Steel, the promoter of the bankrupt company has filed a plea with the appellate tribunal NCLAT over the deal. The matter is listed for admission on May 17.

Though the grounds on which Bhushan Steel promoter Neeraj Singhal has made the appeal couldn't be ascertained, Tata Steel said that it will contest the case. Tata Steel has offered Rs 35,200 crore for a 73% stake in Bhushan Steel, the first domestic metal company that served the automotive sector.

Lenders will hold 12% in the company by converting a part of the debt into equity, while Singhal's stake is

expected to come down from 8% to 2% after the completion of the transaction.

The proposed acquisition is expected to increase Tata Steel's debt, which as on March 31 was Rs 92,147 crore. Tata Steel said that it intends to retain 5,000 employees of Bhushan Steel, which has a 5.6-million-tonne capacity. On the bankruptcy proceedings, Tata Steel CFO Koushik Chatterjee said it has been a learning experience for all stakeholders with the company seeing parties "interfering, delaying, postponing" the process. "If the bids are right, the judiciary will see through this."

Besides Bhushan Steel, Tata Steel is fighting a legal battle with UK's Liberty House over the bankrupt Bhushan Power and Steel. The company had earlier shown interest in the debt-ridden Electrosteel Steels, but lost the race.

are expected to be strong because of the upward trend in prices globally. Tata Steel plans to

spend over Rs 7,500 crore towards capital expenditure across its operations globally.

## Tata Steel Q4 profit at Rs 14,688 cr

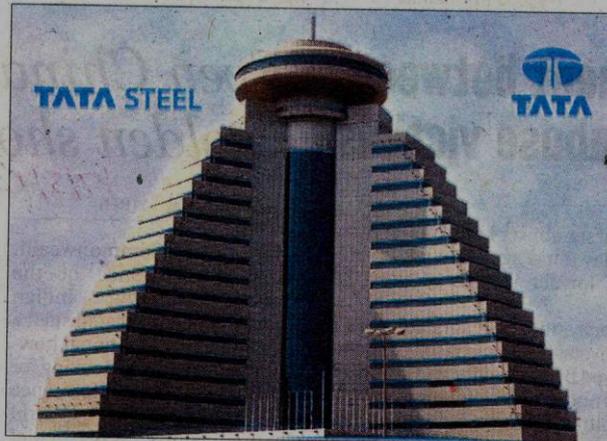
NEW DELHI, May 16 (PTI)

DOMESTIC steel giant Tata Steel on Wednesday reported a consolidated net profit of Rs 14,688.02 crore for the fourth quarter ended March 31, 2018. The company had clocked a net loss of Rs 1,168.02 crore in the corresponding quarter of the previous fiscal, it said in a BSE filing.

The total consolidated income of the company increased to Rs 36,407.19 crore in January-March 2018, from Rs 35,457.06 crore in the same quarter of FY17.

The total expenses of the company stood at Rs 32,626.42 crore during the quarter under review as against Rs 31,132.02 crore in the year-ago period.

T V Narendran, CEO & MD of the company, said: "Tata Steel performance has been robust in FY18 driven by our strong execution strategy and supported by favourable global demand-supply balance. During the year, our Indian operations delivered volume growth better than the market on the back of the ramp-up at our Kalinganagar plant and the



strength of our marketing network and brand equity." He said growth was broad-based across marketing segments and added that Tata Steel Europe had a good quarter despite currency headwinds.

"The UK pension scheme restructuring process has also been completed. The 50:50 JV discussion with Thyssenkrupp is progressing well and we are committed towards building a strong European portfolio," Narendran

said. He added that the company continued to execute its strategy of expanding footprint in India. "Kalinganagar Phase 2 expansion is progressing well, which will take our capacity from 13 million tonnes (MT) to 18 MT of crude steel. I am also happy to share that NCLT has given its approval on our resolution plan for Bhushan Steel. We have also received CCI approval for this transaction," he said.

THE INDIAN EXPRESS DATE: 17/5/2018 P.N.14

### BINANI CEMENT AT NCLAT

## Will clear dues: Binani Industries

ENSECONOMIC BUREAU  
KOLKATA/NEW DELHI, MAY 16

BINANI INDUSTRIES (BIL) on Wednesday moved the National Company Law Appellate Tribunal (NCLAT) offering to clear 100 per cent of the claims of all creditors within two weeks if its subsidiary Binani Cement was brought out of the purview of the insolvency process.

While scheduling a hearing on May 22, the appellate tribunal observed it would consider whether "the National Company Law Tribunal (NCLT) can refuse the offer of the shareholders of the corporate debtor if he intends to pay 100 per cent of credit amount of creditors within two to four weeks".

If Binani Cement is allowed to exit the corporate insolvency resolution process by paying its dues, it would be a first for cases under the Insolvency and

**If Binani Cement is allowed to exit the corporate insolvency resolution process by paying its dues, it would be the first such case under the IBC**

Bankruptcy Code (IBC). BIL holds a 98.4 per cent stake in the near-bankrupt Binani Cement.

The NCLAT bench on Wednesday also asked the committee of creditors (CoC) and the resolution professional to file their replies within five days. It also directed Rajputana Properties, a subsidiary of the Dalmia Bharat Group, whose bid for Binani Cement had been earlier approved by the CoC, to file an intervention application to be heard in the matter.

This is the second time BIL is attempting to bring Binani Cement out of the purview of the IBC. The company had in April moved the Supreme Court (SC) asking for Binani Cement to be withdrawn from the resolution

process, but the apex court had expressed its unhappiness at this. The SC noted the IBC process should not be bypassed as the matter was already being heard by the NCLT. Subsequently, Binani Industries withdrew its plea and the matter moved back to the NCLT. What had prompted BIL to approach the SC was an offer made to it by the Aditya Birla Group-promoted UltraTech Cement to buy a 98.43 per cent stake in Binani Cement for Rs 7,266 crore, provided the resolution process under the IBC was terminated. In subsequent hearings, the NCLT allowed a revised bid by UltraTech to be considered by the CoC and also offered Rajputana Properties a chance to better its offer of Rs 6,930 crore. **FE**

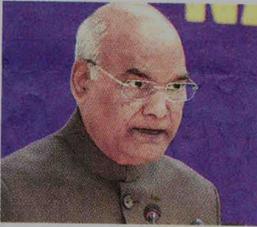
## President Kovind calls for wider exploration of offshore mineral resources

OUR BUREAU

New Delhi, May 16

Offshore mineral exploration needs to be given a boost in the country, according to President Ram Nath Kovind. Speaking at the National Geoscience Awards for the year 2017, Kovind said, "We must also be alive to the potential of our offshore resource base. Exploration by our marine geoscientists must be encouraged and pursued with renewed vigour."

"We have a long coastline and a sizable marine zone that holds many treasures. So far we have scratched the surface," he added. Kovind said the role of the Geological Survey of India has also expanded with the changing applications of geosciences. He said, "Today, the implications of geosciences are not limited to just prospecting mines. Whether it is to build



President Ram Nath Kovind

railway lines or communication corridors; make assessments for river linking projects or investigate natural hazards such as earthquakes and landslides; manage our coasts and deserts in a time of climate change; or add value to agriculture and help develop new urban centres - the applications of geosciences are extremely diverse and extremely useful."

### Mining

Highlighting

the need to improve mining practices in the country, Kovind said, "The mining process itself must incorporate the best available safety and health mechanisms for mining workers as well as for their families, who often stay in close proximity to mining sites. The environmental impact of mining and resource extraction and processing should be minimised to the degree possible."

## Hindalco Industries profit rises threefold

Higher aluminium, copper prices help

SPECIAL CORRESPONDENT  
MUMBAI

Hindalco Industries Ltd. of the Aditya Birla Group reported a more than three-fold jump in consolidated net profit to ₹6,083 crore for the year ended March 31 as compared with ₹1,900 crore in the previous year. Consolidated revenue rose 12.8% to ₹1,15,809 crore for FY18.

Standalone revenue for Hindalco's India operations rose 9.38% to ₹43,451 crore for FY18. Supported by higher aluminium and copper volumes and better realisation, the company reported a 36% rise in net profit to ₹1,934 crore for the year.

Hindalco reported a 12.8% rise in standalone

fourth-quarter net profit to ₹616 crore compared with a year earlier. Revenue in the period fell to ₹11,681 crore from ₹11,817 crore.

### Higher investment

Hindalco will invest ₹1,600 crore in FY19, compared with ₹1,100 crore in FY18, said Satish Pai, MD, Hindalco Industries. The company's subsidiary Novelis achieved 'record results in FY18,' the company said in a statement. Revenue grew 20% to \$11.5 billion, driven by higher average aluminium prices, record shipments and better product mix. Total shipments of flat rolled products grew 4% to 3,188 kilotonne.

# BAMNIPAL STEEL is a special-purpose vehicle formed to acquire debt-ridden alloy manufacturer Tata Steel Arm Raises ₹5,000 cr to Pay Lenders of Bhushan Steel

Saikat Das & Rakhi Mazumdar

**Mumbai/Kolkata:** Bamnipal Steel, a Tata Steel unit at the vanguard of the parent company's current acquisition drive for insolvent mills, has raised about ₹5,000 crore by selling commercial paper (CP), seeking to use the proceeds for immediate debt repayment.

The special-purpose vehicle, created to help acquire Bhushan Steel as part of the broader insolvency resolution process, will be the financing conduit for Tata Steel's ₹35,200-crore acquisition of the debt-laden alloy maker from lenders. CPs are short-term debt instruments issued by companies.

Citibank and top mutual funds, including ICICI Prudential Mutual Fund, Birla Sun Life Mutual Fund, Reliance Mutual Fund and Kotak Mutual Fund, have subscribed to the papers that offered about 8.5% with three-month maturities, three people familiar with the matter told ET. A small portion of the sum is of four-year maturity.

"The short-term money may be used to repay lenders immediately. The issuer sold those papers directly to investors without any involvement of an arranger," said one of the persons cited above.

Tata Steel declined to make any official comment on the matter while emails sent to Citibank, and ICICI Prudential MF remained

## The Subscribers

Financial Institutions	Amount (₹ in cr)
Citibank (India)	1,000
ICICI Pru MF	1,500
Birla Sunlife MF	1,250
Reliance MF	750
Kotak MF	500

N.B. figures are tentative  
SOURCE: Markets

unanswered until the publication of this report. Birla Sun Life and Kotak could not be reached immediately for their comments, whereas Reliance MF declined to comment. A top source close to the

development confirmed the Tata Steel unit's fund-raising.

On May 15, the National Company Law Tribunal approved Tata Steel's bid for Bhushan Steel Limited (BSL), paving the way for the acquisition of the 5 million tonne steel plant. Tata Steel has also received a formal nod for the deal from the Competition Commission of India. Tata Steel had said that as per the terms of the approved resolution plan for Bhushan Steel, BNPL will initially subscribe to 72.65% equity share capital of BSL at face value i.e. at ₹2 per share, for an aggregate amount of ₹158.89 crore.

BSL's financial creditors shall receive a total consideration of ₹35,200 crore for the settlement of

the existing financial debt of BSL. It will be funded through a combination of equity and inter-corporate loans, of which up to ₹9,000 crore loans have an option of conversion into equity shares of BSL.

Earlier on April 23, ET had reported that Tata Steel was raising up to ₹17,000 crore in loans from a consortium of about six private and foreign financiers. The company was in talks with HDFC Bank, Yes Bank, Standard Chartered Bank, DBS Bank, Kotak Bank Mahindra Bank and mortgage financier HDFC Ltd.

The extended resolution period for Bhushan Steel ended on April 22. The company was admitted for debt resolution on July 26 last year.

## ESSAR STEEL INSOLVENCY CASE

# Numetal, ArcelorMittal continue to scrap

ENS ECONOMIC BUREAU  
MUMBAI/NEW DELHI, MAY 17

THE FIGHT for Essar Steel continued in the courts on Thursday with the two contenders, ArcelorMittal and Numetal, arguing over which bids should be valid — those in the first round or those in the second.

Russia's VTB Bank-led Numetal argued the resolution plans submitted in the second round of bidding should be considered and the highest bid be selected. ArcelorMittal, on the other hand, opposed the petition to al-

low the second round of bids to be opened, and said only the first round of bids should be considered. ArcelorMittal is understood to have made an upfront offer of Rs 30,500 crore and pledged another Rs 8,000 crore in the form of capital infusion into Essar Steel.

Mukul Rohatgi, counsel for Numetal, told the National Company Law Appellate Tribunal (NCLAT) that Numetal has severed its association with Rewant Ruia, son of Essar Steel promoter Ravi Ruia, to become eligible to buy the steel company. Moreover, he said, it has also enhanced the bid amount to Rs 37,000 crore.

Rohatgi claimed that assessing the bids made in the second round would help realise the maximum value for the asset. Essar Steel owes financial creditors close to Rs 50,000 crore.

The NCLAT will hear the case again on May 22. Bankers are likely to take a call on the matter once the NCLAT passes its order.

"The move by ArcelorMittal is positive, but there are other factors to be considered. We will take a decision once the NCLAT passes its order," a banker, who is a member of the committee of creditors (CoC), said on conditions of anonymity. FE

# Sell gold if it rallies to \$1,305/oz

GNANASEKAART

Comex gold futures were closer to a five-month low, hit in the previous session, as the dollar pared losses against the major currencies and traded within sight of its 2018-peak. Also weighing on gold were surging US bond yields, political uncertainty arising out of North Korea and a weaker euro.

Comex gold futures moved against our expectations. As mentioned in the previous update, failure to follow-through higher above \$1,325 an ounce levels could once again dent the confidence of the bulls leading to bigger fall subsequently. The overall picture still hints at bullishness ahead, while crucial supports hold at \$1,278 levels.

A positive trigger for the medium-term in sustaining the uptrend is likely to be above a close of \$1,375. In the coming week, we expect prices to gradually edge lower to \$1,278 and failure to hold here could drag prices even lower to \$1,255-60. After the break of \$1,301-05, the trend in the near-



term is shaky and this zone could potentially cap upside attempts in the week ahead. The favoured view expects prices to edge lower to \$1,278 followed by \$1,255 levels followed by a strong upward reversal.

**Wave counts:** It is most likely that the fall from 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 below the zero line of the indicator again, indicating a bearish reversal. Only a cross over again above the zero line could hint at a bearish reversal in trend.

Therefore, sell Comex gold on rallies to \$1,305-10 with the stop-loss at \$1,324 targeting \$1,278 followed by \$1,255.

Supports are at \$1,278, 1,260 and 1,245. Resistances are at \$1,305, 1,325 and 1,355.

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

## Aluminium industry wants quantitative curbs on imports

SURESH P IYENGAR

Mumbai, May 17

Aluminium-producing companies have moved the government to impose quantitative restrictions on imports as their demand to levy anti-dumping duty on cheap imports has not materialised for the last two years. Imports account for 54 per cent of total aluminium consumption in India, up from 52 per cent earlier.

Satish Pai, Managing Director, Hindalco

Industries, said levy of anti-dumping duty seems to be a time consuming effort and would not have much impact as most of aluminium imports are from ASEAN countries with which India has signed a free trade agreement. The industry, he said, is now demanding that the Government impose quantitative restrictions so that the interest of domestic producers are protected, particularly when the demand is picking after a gap of several years. The government can restrict imports to the average of last five years and ensure that there is no dumping of cheap produce, he added. Overall, aluminium demand increased nine per cent to 3.5 million tonnes in



Satish Pai, MD, Hindalco Industries

the FY18 and interestingly nine per cent of the demand has come in the second half of the fiscal. Copper demand was down 2.5 per cent to 640,000 tonnes last fiscal, compared to a fall of 3 per cent in FY17.

Pai said if the current uptrend continues domestic aluminium demand should grow by 7-8 per cent while copper should register 3-4 per cent growth.

Globally, the electrical sector accounts for about 20 per cent of aluminium demand while housing and construction sector accounts for a major share. Domestic automobile companies will soon be a big source of consumption, he said.

"The biggest problem in the business is rising input cost. We have secured coke and pitch cost for six months through supply contracts to partially offset rising cost," he said.

Aluminium prices on the London Metal Exchange increased by over 20 per cent over the last year, peaking at \$2,600 per tonne in April and is expected to remain range bound at \$2,200-2,300 per tonne this fiscal. Copper prices are expected to remain stable at the current \$6,800 per tonne, he said.

## DEALS IN THE STEEL INDUSTRY

# JSW Acquires Italy's Aferpi for ₹441 crore

Vatsala.Gaur@timesgroup.com

**Mumbai:** After losing Ilva to ArcelorMittal, homegrown steelmaker JSW Steel on Friday finalised the deal to acquire Italy's second largest steel plant Aferpi from the Algerian Cevital for ₹441 crore in a move that will give the company a foothold in the Italian and European market.

Originally owned by Russian steel company Severstal, the 2MT steelmaker has 2,000 employees and specialises in making long products, especially steel used in rails and railways products. The acquisition will help the Sajjan Jindal-led company to expand its reach in the specialised steel market, especially in automobiles.

"JSW Steel Italy has entered into a sale and purchase agreement dated May 17 with Cevitaly S.r.l for acquisition of 100% shares of Aferpi S.p.A, Piombino Logistics S.p.A and 69.27% of the share capital of GSILucchini S.p.A for a cash consideration of €55 million on a cash free debt free basis," the company said in a stock exchange filing on Friday.

The transaction is subject to closing adjustments including for working capital for the three respective divisions that are located in Piombino in Tuscany province in Italy.

Piombino Logistics (PL) manages the logistics infrastructure of Piombino's port area that will help JSW Steel in supplying billets from India to Aferpi through its upstream facilities. GSI produces forged steel balls used in grinding mills for mining.

# Sumitomo, Mukand Sets up Steel JV

Our Bureau

**Mumbai:** Specialty steel maker Mukand on Friday said that it aims to bring down debt to ₹1,000 crore benefiting from the joint venture that it has finally completed with Japanese trading company Sumitomo Corporation to cater to the demands of the fast growing automotive and engineering industries.

The company will be using the funds infused by Sumitomo to pare current debt of ₹1,800 crore that it brought down from ₹3,000 crore.

The JV named Mukand Sumi Special Steel in which the Japanese trading company has picked up 49% for a consideration of ₹1,180 crore will be engaged in the business of rolling, finishing and marketing of alloy wire rods and bars made from blooms and billets procured from Mukand's plant in Hospet in Karnataka.

These products are used in the components used in automobiles. While currently the JV will use the rolling facility in Thane, the land adjoining its alloy steel making plant in Hospet will eventually be used for commissioning of new steel rolling facilities by mid-2020 at a cost of around ₹600 crore, the company said on Friday.

"This will be one of the lowest debt level for any steel company in India," said Rajesh V Shah, managing director of Mukand. It is also weighing other options like monetising excess land parcels in its facility in Thane to bring down its debt.

## JSW Steel to buy Italian co for ₹440 crore

**New Delhi:** Domestic steel major JSW Steel said on Friday it has signed an agreement with Algeria-based Cevital to acquire its Italian arm Aferpi, a specialised steel products maker, for about Rs 440 crore.

The acquisition of Aferpi, which owns the second largest steel plant in Italy, will help JSW expand its reach in the specialised steel market, particularly in the automobile sector, the Indian steel maker said in a statement. The deal would also provide JSW a foothold for future opportunities in the European markets, the Sajjan Jindal-owned firm further said.

JSW Steel Italy, a subsidiary of JSW Steel, has entered into a sale and purchase agreement dated May 17, 2018, with Cevitaly for acquisition of 100% shares of Aferpi, Piombino Logistics and 69.27% of the share capital of GSI Lucchini for a cash consideration of 55 million euros on a cash-free, debt-free basis, JSW Steel said.

JSW Steel had earlier tried to acquire the Italian plant in 2014, when it was known as Lucchini. AGENCIES

## NMDC bags S&P Platts award in CSR category

**VRISHI KUMAR**

Hyderabad, May 18

Iron ore mining major NMDC Ltd has bagged the S&P Global Platts Global Metals Award 2018 in the corporate social responsibility category. At an event held at London Grosvenor Square Marriott Hotel in the UK, N Bajendra Kumar, Chairman-cum-Managing Director, and Sandeep Tula, Director (Personnel), NMDC Ltd, received the coveted award.

This is the first time that an Indian company has bagged an award in this category, NMDC said in a statement.

S&P Global Platts is the leading independent provider of information, benchmark prices and analytics for the en-

ergy and commodities markets. It has been in existence for over 100 years. The S&P Global Platts Global Metals Award recognises top performers, industry leaders and innovators.

NMDC is the largest iron ore mining company in India with iron ore production of around 35 million tonnes per annum. It has a domestic market share of about 25 per cent (non-captive category). NMDC also extracts diamonds from its mine in Panna, which is the only mechanised diamond mine in Asia.

NMDC's CSR expenditure has increased from ₹86 crore (\$13.25 million) in 2011-12 to an average of ₹190 crore (\$30 million) in the last three years.

## JSW Steel set to acquire Italy's Aferpi for ₹440 cr

SURESH P IYENGAR

Mumbai, May 18

JSW Steel, which is attempting a last-minute bid for the stressed assets of Essar Steel, is set to sign a deal with Algeria-headquartered Cevital to acquire Aferpi Spa (formerly known as Lucchini SpA) for about ₹440 crore.

The deal is expected to be signed early on Saturday, said sources close to the development.

Cevital is Algeria's largest privately owned conglomerate, with interests in agri-food, retail, industry and services.

Senior officials of JSW Steel are in Italy, and an agreement will be signed in that country's Ministry of Economic Development, the sources added.

JSW Steel was eyeing Italy's two largest steel producers, Ilva and Lucchini, which went belly up due to the sudden contraction in demand after the 2008 economic recession in Europe. In 2012, they were declared bankrupt and put on the block.

The Indian firm's bids were not

aggressive enough—it lost Ilva to ArcelorMittal and Lucchini to the Cevital Group.

Last August, it initiated talks with Cevital to buy out Lucchini, subsequently renamed Aferpi (Acciaierie e Ferriere di Piombino).

The deal will help JSW Steel expand its reach in the European specialty steel market, particularly in the automobile sector.

Originally owned by Russia's Severstal, Aferpi has an annual steel production capacity of 2 million tonnes in Piombino, and makes the specialty steel used in railways, automobiles and earth-moving vehicles, among other applications.

**JSW will buy out Algeria's Cevital Group from Aferpi, which makes the specialty steel used in railways, automobiles and earth-moving vehicles**

### Electric car push

JSW Steel's acquisition comes at a time when group company JSW Energy is gearing up for electric-car production in India.

A foothold in Europe, one of the largest electric-car markets, will help it gain knowhow and localise the manufacture of components much faster, said an analyst.

## NMDC को एस एंड पी प्लैट्स ग्लोबल मेटल्स अवार्ड

नवभारत समाचार सेवा हैदराबाद. एनएमडीसी लिमिटेड को लंदन ग्लोबल स्क्वायर मैरियट होटल, यू.के. में नैगम सामाजिक दायित्व वर्ग में प्रतिष्ठित एस एंड पी ग्लोबल प्लैट्स ग्लोबल मेटल्स अवार्ड 2018 प्राप्त हुआ.

एनएमडीसी लिमिटेड के अध्यक्ष-सह-प्रबंध निदेशक एन.वैजेन्द्र कुमार व निदेशक (कार्मिक) भाप्रसे व संदीप तुला ने यह प्रतिष्ठित पुरस्कार प्राप्त किया. पुरस्कार के लिए समस्त विश्व की विख्यात कम्पनियों से कुल 12 नामांकन चुने गए थे. यह पहला अवसर है जबकि किसी भारतीय कंपनी को इस श्रेणी में यह पुरस्कार मिला है.



एस एंड पी ग्लोबल प्लैट्स ऊर्जा तथा जिंस बाजार में सूचना, बेंचमार्क कीमते तथा विश्लेषण प्रदान करने वाली अग्रणी स्वतंत्र संस्था है. यह 100 से अधिक वर्षों से कार्यरत है. अवार्ड उद्योग में अग्रणी तथा नवोन्मेषी सर्वोच्च निष्पादकों को सम्मान प्रदान करता है. नैगम सामाजिक दायित्व अवार्ड कार्पोरेट व्यावसायिक प्रतिष्ठान के नेतृत्व, कार्य के लिए प्रतिबद्धता तथा सामाजिक दायित्वों के समाज पर वास्तविक प्रभाव का सर्वोत्तम प्रदर्शन करने वाले संगठन को मान्यता प्रदान करता है. एनएमडीसी भारत में सबसे बड़ी लौह अयस्क खनन कम्पनी है. इसका लौह अयस्क उत्पादन प्रतिवर्ष लगभग 35 मिलियन टन (एमटीपीए) है और इसका बाजार में हिस्सा लगभग 25% (नॉन-कैप्टिव वर्ग) है.

**MOIL is well-placed to cater to the increasing demand for manganese from steel makers**

SATYA SONTANAM

With the revival in the steel market globally, the prospects of the raw material industry have also turned attractive. In this light, MOIL, India's largest manganese ore producer with about 81.47 million tonnes of reserves and resources, is poised to capitalise on the growth in India's steel demand.

The performance of the manganese ore industry is directly linked to that of the steel industry.

Manganese is used as an alloy in the production of steel to increase its strength. It takes around 32 kg of manganese to produce one tonne of steel.

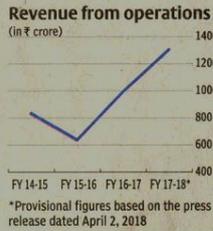
With increasing demand for

steel, domestically, and the company's various mine development and expansion projects in place, MOIL is well-placed to cater to the increasing demand for manganese ore in the country, which is otherwise imported to a large extent.

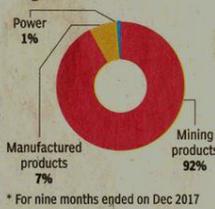
Financially too, the healthy operating profit margins and its debt-free status are positives for the company.

At the current market price of ₹192, the stock is reasonably valued at about 12 times its trailing 12-month earnings, 18 times lower than what it traded at on an average over the past three years. Long-term investors with a medium-risk appetite can consider buying this stock.

MOIL's dividend yield has



**Segment revenue**



been healthy, at about 2-5 per cent over the past few years.

**Demand visibility**

The company derives about 90 per cent of its revenue from the sale of manganese ore. Currently, MOIL is the largest producer of manganese ore in the country with a share of about 45 per cent. Indian steel companies also

import large quantities of high-grade manganese ore as it is not available in sufficient quantities domestically. This shortage provides an opportunity for MOIL to increase its production capacities and cater to the rising demand for the raw material.

The demand for manganese ore is directly linked to the performance of the steel sector. Indian steel demand is expected to accelerate gradually, driven by public investment and the growth in the automobile and construction sectors.

According to the World Steel Association, India produced 26.68 million tonnes of crude steel in the first three months of 2018, which indicates a 3.7 per cent growth, compared to the same period a year ago. For finished steel, it projects growth rates of 5.5 and 6 per cent for 2018 and 2019, respectively.

According to the latest National Steel Policy, 2017, India has set a capacity target of 300 million tonnes of steel by 2030-31; this expansion is expected to create domestic demand for manganese ore to the tune of 10 million tonnes.

**Expansion to meet demand**

In order to achieve the production targets, MOIL has taken up various mine development and expansion projects that include setting up of high-speed shafts at Balaghat and Gumgaon mines in Madhya Pradesh and Maharashtra respectively, with a total investment of about ₹460 crore.

These projects are expected to double production from these mines — from about 3.7 lakh tonnes to 7.4 lakh tonnes by FY24-25.

Also, with a view to diversifying its activities, the management has recently approved projects for setting up of ferro alloy plants of total 75,000 tonnes capacity at Balaghat and Gumgaon Mines, with a total investment of about ₹419 crore. For FY-19, the company envisages a production target of 13.25 lakh tonnes or 1.3 million tonnes of manganese ore and has a capex target of around ₹200 crore.

**Healthy financials**

The company has reportedly recorded the highest-ever sales of non-fines (lumps and chips) manganese ore during FY-18.

For the nine-month period, it recorded a revenue of nearly ₹926 crore, an increase of 25.6 per cent y-o-y. This is due to better realisations in the period, which are at an average of ₹9,877 per tonne, up 34 per cent y-o-y. Net profit had also grown by a good 55 per cent to about ₹294 crore.

MOIL's operating margins are also high. For the nine months of FY-18, the operating profit margins stood at nearly 53 per cent; it was around 52 per cent for FY-17. However, it has dropped from the levels of 84 per cent in FY-15 due to higher costs and negative stock adjustments, but is still reasonably healthy.

Note that MOIL fixes the price for its output on a quarterly basis, based on global prices and demand-supply in India. It has been able to pass on costs consistently.

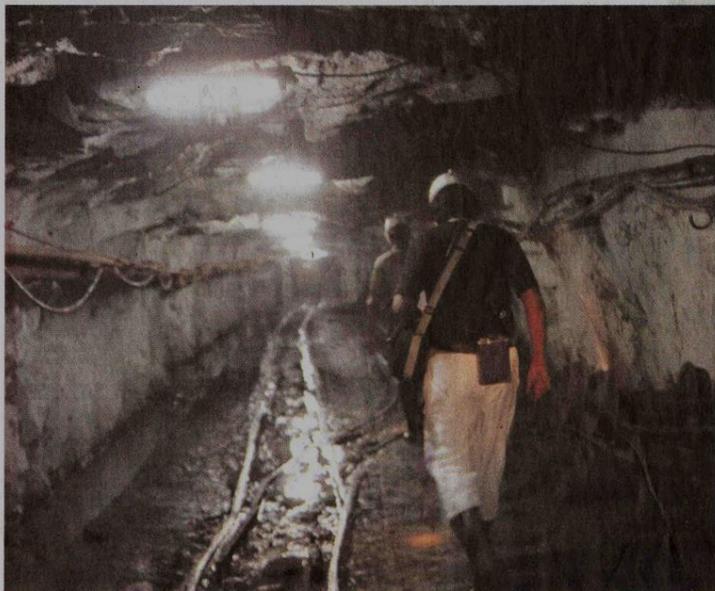
**Risks**

There were instances of the company missing its production targets. (For example, the company targeted 1.5 million tonnes for FY-2017, while the actual production was a little more than one million tonnes).



- Why**
- Attractive valuation
  - Cash-rich and high dividend yield
  - Large reserves

**Did you know?**  
Manganese is also one of the key inputs in the manufacturing of e-vehicle batteries



# It's time to regulate the lithium cartel

Why are we so relaxed about an emerging oligopoly in the key battery element

DAVID FICKLING

The world doesn't like its essential commodities being controlled by a small group of producers. So why is there so little noise about the emerging oligopoly in one of the hottest elements on the periodic table, lithium?

Tianqi Lithium Corp will pay \$4.1 billion to buy Nutrien's 24 per cent stake in Soc Quimica & Minera de Chile, or SQM, in a deal that will entangle the biggest and fourth-biggest producers of the battery metal. Here's how the lithium carbonate market is

structured at present: Albemarle Corp is the market leader, with an 18 per cent share, followed by Jiangxi Ganfeng Lithium Co on 17 per cent; SQM 14 per cent; and Tianqi 12 per cent.

The single-biggest mine deposit is a joint venture between Albemarle and Tianqi, the Greenbushes mine in Australia, which alone accounted for about 35 per cent of global lithium carbonate-equivalent supply last year. Albemarle's other major deposit is the Atacama brine lake, adjacent to SQM's deposits in Chile.

On top of that, Ganfeng and Tianqi, while both technically independent private firms are strategically important businesses operating in China.

It's hard to imagine that these firms could remain wholly immune to influence from Beijing, at a time when

China is trying to become the centre of the global electric-vehicle industry amid trade tensions.

#### Market drivers

The shape of the market will change dramatically, with lithium carbonate output set

to rise from 228,000 tonnes in 2017 to 574,000 tonnes in 2022. But because of the high margins enjoyed by incumbents at current prices and their ambitious capex programmes, the biggest producers are likely to capture the majority of supply growth over the years ahead, according to Bloomberg Intelligence analyst Christopher Perella.

The world's regulators should sit up and take notice of what's happening. Those who've fretted in recent years over Beijing's dominance of rare earths and tungsten — not to mention the current tariffs on steel and aluminium justified on national defence grounds — seem to be asleep at the wheel. BLOOMBERG



More than double

Lithium carbonate output is set to rise from 228,000 tonnes in 2017 to 574,000 tonnes in 2022



ISTOCK.COM/FMAJOR

## Coal imports by power plants fall 22%

NEW DELHI, May 20 (PTI)

COAL imports by power utilities fell by 22.23 per cent to 3.73 million tonnes in April mainly due to decline in shipments by imported coal based power projects in the country.

According to latest data compiled by the Central Electricity Authority (CEA), coal imports by the power utilities came down to 3.731 million tonnes (MT) in April this year from 4.798 MT in April 2017 mainly due to lower deliveries at imported coal based plants.

In April 2018, however, the total coal imports by power utilities for blending with domestic coal rose to 1.427 MT from 1.078 MT in April last year.

The scope of reducing coal import is always more at power plants using domestic coal as they use high gross calorific value imported fuel for blending.

The data shows that the coal imports came down by imported coal based power plants in April this year. These plants imported 2.304 MT of coal in April 2018 down from 3.720 MT in the



same month a year ago.

Experts think that higher international coal prices may have been affecting imports by the power plants based on imported coal.

During April, among import-

ed coal based plants, Tata Power's Mundra Ultra Mega Power Project received 0.509 MT compared to 0.689 MT in the same month a year ago. Similarly, Adani's 4620 MW Mundra Plant received 0.091 MT imported coal down from 1.322 MT a year ago.

Essar's 1200 MW Salaya plant and Simhapuri Energy 600 MW plant did not get any imported coal during April this year. However, the two plants had received 0.109 MT and 0.004 MT imported coal during April last year.

Coal imports by power utilities in January, February and March this year stood at 4.339 MT, 4.060 MT, 4.396 MT respectively, which indicates a good start in April this year. However, the power sector experts said that there may be increase in coal imports by not only power utilities but by other sectors as well mainly due to transportation issues.

# China begins large-scale mining at Arunachal border, says report

Beijing operates gold mine in China-controlled Lhunze County, which has huge trove of minerals

**KJM VARMA**  
BEIJING, MAY 20

CHINA HAS begun large-scale mining operations on its side of the border with Arunachal Pradesh where a huge trove of gold, silver and other precious minerals valued at about \$60 billion has been found, a media report said on Sunday.

The mine project is being undertaken in Lhunze County under Chinese control adjacent to the Indian border, the Hong Kong-based *South China Morning Post* reported.

China claims Arunachal Pradesh as part of southern Tibet.

Projecting the mining operations as part of China's move to take over Arunachal Pradesh, the report said "people familiar with the project say the mines are part of an ambitious plan by Beijing to reclaim South Tibet".

"China's moves to lay claim to the region's natural resources while rapidly building up infrastructure could turn it into 'another South China Sea' they said," according to the report.

The *Post* report with inputs from local officials, Chinese geologists as well as strategic experts comes less than a month

## HOW IT COULD AFFECT INDIA

**NEW INFRASTRUCTURE**  
The unprecedented heavy investment by China to build roads and other infrastructure close to the border area has made it easier for them to conduct large-scale mining.

**CHINESE POPULATION IN THE HIMALAYAS**  
Zheng Youye, lead scientist for a Beijing-funded northern Himalayan minerals survey, says new mining activities would lead to a rapid increase in the Chinese population in the Himalayas, which would provide stable, long-term support for any diplomatic or military operations aimed at gradually driving Indian



forces out of territory claimed by China.

**SIMILARITIES TO SOUTH CHINA SEA**  
Experts say the increased mining activity in disputed territory mirrors what the

Chinese have been doing in the South China Sea, where Beijing has asserted its claim to much of the contested waters by building artificial islands and increasing its naval activity.

after the first ever informal summit between Prime Minister Narendra Modi and President Xi Jinping that was aimed at cooling tensions to avert incidents like the Doklam military standoff last year.

The 73-day standoff had

marked a new low in bilateral ties.

Lhunze was in the news last October, just about two months after Doklam, when Xi, in a rare gesture, replied to correspondence from a herding family in Lhunze County, underscoring Beijing's claim to the area.

The family is based in Yumai, China's smallest town in terms of population, located close to Arunachal Pradesh.

Xi thanked the father and his two daughters for their loyalty and contributions to China, and also urged the people of Lhunze

to "set down roots" to develop the area for the national interest.

The *Post* report said although mining had been going on in the world's highest mountain range for thousands of years, the challenge of accessing the remote terrain and concerns about environmental damage had, until now, limited the extent of the activities.

But, the unprecedented heavy investment by the Chinese government to build roads and other infrastructure in the area has made travel easy.

Most of the precious minerals, which include rare earths used to make hi-tech products, are hidden under Lhunze County, the report said.

By the end of last year, the scale of mining activity in Lhunze had surpassed that of all other areas in Tibet, it said.

People have poured into the area so fast that even local government officials could not provide a precise count for the current population, it said.

"Enormous, deep tunnels have been dug into the mountains along the military confrontation line, allowing thousands of tonnes of ore to be loaded and transported out by trucks daily, along roads built through every village," it said.

PTI

# Hindalco Plans to Raise ₹5,000 cr to Repay Bank Loans

Co waiting for the 'right time', could be in talks with investment bankers and financial institutions

Saikat Das and Baiju Kalesh

**Mumbai:** Leading aluminium producer Hindalco Industries is set to raise about Rs 5,000 crore by selling corporate bonds to repay bank loans, a move that is expected to reduce its credit costs.

"We want to pay back at least Rs 5,000 crore this year and probably refinance it with a bond in the Indian market," Satish Pai, MD at Hindalco, told ET.

The company's current net debt stands at Rs 15,000 crore.

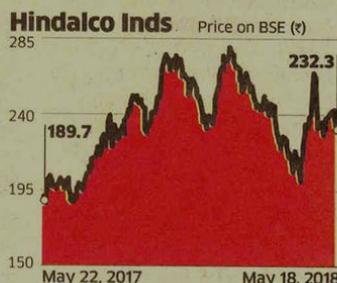
However, Pai said that even though it is considering such a move, the company is waiting for the right window. "Right now is not the right time, with the rupee weakening and inflation going up," said Pai.

Hindalco may be in talks with domestic investment bankers to assess the market condition while it may have also approached large institutional investors (large insurers, the provident fund manager, or mutual funds) to place those debt securities directly, said market sources.

About a year ago, it tapped the corporate bond market.

Going by current market rates, Hindalco bonds with 10-year maturity are expected to be priced in the range 8.75-9%. The company will go ahead with the bond sale only if it receives a premium price.

"Notwithstanding the rise in yields over the last two-three months, higher or top rated entities can still save around 25-50 basis points if today they were to replace/refinance funds raised three-five years back," said Karthik Srinivasan, senior vice president at ICRA. The savings to these companies would have been higher at 100-150 bps if they had replaced the funds a couple of quarters earlier.



Hindalco is rated AA by Crisil Ratings.

The benchmark bond yield in India raced to a three-year high on May 16 amid rising US Treasury yields.

"Bond market volatility could pose a challenge hurting investment appetite," said Ajay Manglunia, executive VP (fixed income) at Edelweiss Finance. "The company may time the market appropriately to allow the appetite to improve."

"This should help it obtain a premium in pricing over its peers," he said.

Hindalco is not a frequent issuer. For quite some time, the company did not tap the bond market. Many mutual funds such as Kotak, IDFC, and ICICI Prudential have invested in their bonds in the past.

"Hindalco papers are quite acceptable among investors especially when the commodity cycle is turning," said Lakshmi Iyer, CIO (debt) & head - products, Kotak AMC. "If it does sell now, it may have to offer a few basis points extra as the yield curve is elevated. But there will be buyers for the papers."

Even though the weakening rupee has triggered concerns of a rise in interest rates that may impact the debt serving ability of corporates, Hindalco is unfazed.

"We have got SBI MCLR lock ins. If the interest rates go up, the impact will be much less as the loans are much smaller now," Pai said.

Hindalco Industries reported a 25% fall in its fourth-quarter profit, missing Street estimates. Net profit dropped to Rs 377 crore in the three months through March 31, from Rs 503 crore a year earlier.

## China's gold mine at Arunachal border may be another flashpoint

**Beijing:** China has begun large-scale mining operations on its side of the border with Arunachal Pradesh where a huge trove of gold, silver and other precious minerals valued at \$60 billion has been found, a media report said on Sunday. The mine project is being undertaken in Lhunze county under Chinese control adjacent to the Indian border, Hong Kong-based South China Morning Post reported.

China claims Arunachal as part of southern Tibet. Projecting the mining operations as part of China's move to take over Arunachal, the report said, "People familiar



with the project say the mines are part of a plan by Beijing to reclaim South Tibet".

"China's moves to lay claim to the region's natural resources while rapidly building up infrastructure could turn it into 'another South China Sea', they said," it said.

The Post report with inputs from local officials, Chinese geologists as well as strategic experts comes less than a month after the first-ever informal summit between PM Narendra Modi and President Xi Jinping that was aimed at averting incidents like the Doklam standoff last year.

Lhunze was in news last October, two months after Doklam, when Xi in a rare gesture replied to correspondence from a herding family in Lhunze underscoring Beijing's claim to the area. PTI

► South China Sea, P 7

## Tibet mines will lead to SCS-like situation: Expert

**Beijing:** The South China Morning Post reported on Sunday that China has invested huge amounts of funds in Lhunze county near Arunachal Pradesh border to ramp up its mining operations. President Xi Jinping had last year replied to correspondence from a herding family in county.

The family is based in Yumai, China's smallest town in terms of population located close to Arunachal Pradesh. Xi thanked the father and his two daughters for their loyalty and contributions to China, and also urged the people of Lhunze to "set down roots" to develop the area.

The Post report said although mining has been going on in the world's highest mountain range for thousands of years, the challenge of accessing the remote terrain and concerns about environmental damage had until now limited the extent of the activities. But the unprecedented heavy investment by the Chinese government to build roads and other infrastructure in the area has made travel easy.

Most of the precious minerals, which include rare earths used to make hi-tech products are hidden under

**A source said that with more mines being dug in Lhunze and nearby regions, most of China's government tax income comes from mining**

Lhunze county, the report said. By the end of last year, the scale of mining activity in Lhunze had surpassed that of all other areas in Tibet, it said.

With more mines being dug in Lhunze and surroundings, a county official told the Post that more than 80% of the county government's tax income came from mining.

Hao Xiaoguang, a researcher with the Institute of Geodesy and Geophysics at the Chinese Academy of Sciences in Wuhan, Hubei, who specialises in India-China issues, said Beijing was likely to take the same approach to the Himalayas as in the South China Sea. As China's economic, geopolitical and military strength continues to increase, "it is only a matter of time before South Tibet returns to Chinese control," Hao claimed. PTI

For full story, log on to [www.timesofindia.com](http://www.timesofindia.com)

# Chinese gold mine may become a flashpoint

PRESS TRUST OF INDIA  
BEIJING

China has begun large-scale mining operations on its side of the border with Arunachal Pradesh, where gold, silver and other precious minerals valued at about \$60 billion have been found, a media report said on Sunday. The project is being undertaken in the Lhunze county adjacent to the In-

dian border, which is under Chinese control, the Hong Kong-based *South China Morning Post* reported.

Projecting the mining operations as part of China's move to take over Arunachal, the report said "people familiar with the project say the mines are part of an ambitious plan by Beijing to reclaim south Tibet." China claims Arunachal Pradesh as

part of southern Tibet. "China's moves to lay claim to the region's natural resources while rapidly building up infrastructure could turn it into 'another South China Sea' they said," it said.

The report comes less than a month after the first ever informal summit between Prime Minister Narendra Modi and President Xi Jinping to cool tensions.

## अब सोने की खान पर भिड़ेंगे भारत और चीन

नवभारत समाचार सेवा बीजिंग. चीन ने अरुणाचल प्रदेश की सीमा से लगे अपने क्षेत्र में बड़े पैमाने पर खनन कार्य शुरू किया है. वहां सोना, चांदी और अन्य बहुमूल्य खनिजों का करीब 60 अरब डालर



का भंडार पाया गया है. हांगकांग आधारित साउथ चाइना मॉनिंग पोस्ट की खबर के मुताबिक खनन परियोजना भारत की सीमा से लगे चीनी क्षेत्र में पड़ने वाले लहुंजे काउंटी में चलाई जा रही है. चीन अरुणाचल प्रदेश को दक्षिण तिब्बत का हिस्सा होने का दावा करता है. इसमें कहा गया है कि बुनियादी ढांचे में तीव्र विकास के साथ क्षेत्र के प्राकृतिक संसाधनों पर दावा करने का चीन का कदम इसे 'एक और दक्षिण चीन सागर' विवाद के रूप में तब्दील कर सकता है.

अरुणाचल को अपने नियंत्रण में करने की कवायद

अरुणाचल को अपने नियंत्रण में करने के चीन के कदम के तहत खनन कार्य किया जा रहा. परियोजना से वाकिफ लोगों ने कहा है कि खनन कार्य दक्षिण तिब्बत पर फिर से दावा पेश करने की बीजिंग की महत्वाकांक्षी योजना का हिस्सा है. सूत्रों ने स्थानीय अधिकारियों, चीनी भूगर्भशास्त्रियों और रणनीतिक विशेषज्ञों से मिली जानकारी के आधार पर यह दावा किया है.

# Tatas Form Team To Integrate Bhushan Steel with Itself

Plan to raise Bhushan Steel's output to 5.6 MT over two years; BSL to be run as a separate entity initially

Rakhi.Mazumdar@timesgroup.com

**Kolkata:** Tata Steel has formed a crack team of 35 officials to integrate within its fold its largest and most recent acquisition in the country, Bhushan Steel (BSL).

The latter will be retained as a separate entity by Tata Steel to start with. The team, comprising executives at various levels and across different functions who have been deputed to BSL, has its task cut out ramp up Bhushan Steel's production to its nameplate capacity of 5.6 million tonne (mt) over next two years from the present level of 3 million tonne.

"Within hours of the closure of formalities last Friday, we deputed a team of experienced managers including key managerial personnel to the company. They had several rounds of engagement with their new colleagues and enhanced their understanding of the company's activities," Koushik Chatterjee executive director Tata Steel said.

The managers have spread out to Bhushan Steel corporate offices in Delhi and all plant locations at the steel unit at Dhenkanal in Odisha, the Sahibabad facility near Delhi, which produces the downstream products, and the Khopoli unit at Maharashtra.

"Our integration philosophy has always been to build partnerships. People are the biggest asset of any orga-



nisation and it is important that everyone is aligned to work collaboratively on improvements and realise synergies," Chatterjee said.

Tata Steel sees a lot of synergies potential in manufacturing, commercial, network optimisation, procurement and SG&A. Being in proximity to our hubs in Kalinganagar and Jamshedpur will help in realisation of these synergies, he added.

While BSL will remain a separate entity initially, Chatterjee said Tata Steel will assess the situation going forward and act accordingly in the future. "However, the integration priorities to ramp up capacity, focusing on asset productivity, leveraging Tata Steel's operating excellence and real-

ising cost and commercial synergies are not dependent on legal structure," he pointed out.

A new five-member board of directors has been created for Bhushan Steel, which includes four Tata Steel nominees and Krishnavia Dutta, an independent director.

The three non-executive directors representing Tata Steel are Anand Sen, Shuva Dutta and Dibyendu Dutta, while Rajiv Singhal, the managing director is also on the board. Senior management includes Sanjib Nanda, CFO and Ujjal Chakrabarti, chief operating officer (COO) and O P Davra as company secretary.

Bamnipal Steel (BMPL) a wholly owned subsidiary of Tata Steel was

created as a special purpose vehicle to spearhead the acquisition.

With top priority on improving operational parameters to take BSL to its rated capacity at the earliest, Tata Steel's top managers in iron making, operations of hot strip mills and its downstream finishing sections and safety, have been deputed to various sites which include Bhushan Steel's Sahibabad factory.

T V Narendran Tata Steel managing director recently said BSL easily be taken from 5 mt to 8 mt, though it would need fresh investment. He has also said that Tata Steel will also take on board all 5,000 employees as part of the resolution plan that it has submitted for BSL.

In a recent research report Edelweiss Securities said the acquisition will give Tata Steel an opportunity to complement and 'enhance its presence in the fast growing segment of value added automotive steels'.

Tata Steel is one of the leaders in the automotive segment in India with a value share of 44%. Edelweiss said it estimated BSL capacity enhancement "from 65% to nearly 95%" following the Tata takeover with an (estimated earnings before interest tax, depreciation and amortisation) EBITDA of Rs 11,500 per tonne. More specifically, Tata Steel is also expected to "ensure iron ore sufficiency for the BSL plant and a possible brown-field expansion."



## देश में 40 साल का ही यूरेनियम भंडार वैज्ञानिकों ने जताई चिंता

एजेंसियां

**जमशेदपुर.** देश में यूरेनियम का कुल भंडार दो लाख 50 हजार टन है. इसमें से एक लाख 44 हजार टन आंध्र प्रदेश और 75 हजार टन झारखंड में जमीन के नीचे दबा है. राजस्थान और मेघालय में 10-10 हजार टन यूरेनियम है. पांच हजार टन देश के अन्य हिस्सों में है. इस सारे भंडारण से सिर्फ 40 वर्ष तक की ही जरूरत पूरी हो सकती है.

कड़प्पा में यूरेनियम का उत्खनन नहीं होता है, इसके चलते सारा दारोमदार झारखंड के पूर्वी सिंहभूम जिले पर ही है, क्योंकि देश में सिर्फ यहीं खनन कार्य होता है. झारखंड के जमशेदपुर में स्थित पूर्वी क्षेत्र के परमाणु खनिज अन्वेषण एवं अनुसंधान निदेशालय द्वारा प्रस्तुत शोध पत्र के अनुसार देश में यूरेनियम का सबसे ज्यादा भंडार आंध्र प्रदेश के कड़प्पा जिले में है. इसके बाद झारखंड का नंबर आता है. राजस्थान के सीकर में और मेघालय के डोमिया सियर्ट में 10-10 हजार टन और देश के अन्य हिस्सों में पांच हजार टन यूरेनियम का भंडार है. भारत परमाणु ऊर्जा से संबंधित जरूरतों को पूरा करने के लिए कजाकिस्तान, कनाडा और आस्ट्रेलिया से यूरेनियम का आयात करता है.

## सोन्याच्या खाणींचा भाग आमचाच

चीनचा दावा; अरुणाचल प्रदेशाजवळ हालचाली, भारत अस्वस्थ

**बीजिंग :** अरुणाचल प्रदेशला लागून असलेल्या तिबेटमधील ल्हुन्झे येथे भूगर्भातील सोन्याचे साठे बाहेर काढण्यासाठी चीनने मोठ्या प्रमाणावर खाणकाम सुरु केले आहे. तिबेट हा आमचा भाग असल्याने आम्ही करीत असलेली कृती वैध आहे असा दावा चीनने केला आहे. मात्र या हालचालींमुळे भारत अस्वस्थ आहे.

ल्हुन्झे येथील भूगर्भात सोन्याबरोबरच, चांदी व अनेक खनिजांचे साठे आहेत. त्यांची एकूण किंमत ६० अब्ज डॉलर होईल. चीनच्या परराष्ट्र खात्याचे प्रवक्ते लू कांग यांनी सांगितले की, तिबेट हा चीनचा भूभाग असून तिथे काय

### अरुणाचलवर कायमच दावा

अरुणाचल प्रदेश हा भारतीय प्रदेश असला, तरी तो प्रदेश तिबेटचाच म्हणजे पर्यायाने चीनचाच भाग आहे, असा कांगावा त्या देशातर्फे करण्यात येतो. चीनची भूमिका कायमच विस्तारवादी राहिली असून, त्याचे प्रत्यंतर डोकलाम वादाच्या वेळीही आले होते. भारताला लागून असलेल्या सीमाभागामध्ये चीन मोठ्या प्रमाणावर पायाभूत सुविधा विकसित करीत आहे. त्यातूनही अनेक प्रश्न निर्माण होत आहेत.

करायचे ते आम्ही ठरवू. ल्हुन्झे येथे सुरु असलेले खाणकाम योग्यच आहे. चीन आपल्या प्रदेशाचे नेहमीच भूगर्भीय सर्वेक्षण करत असतो. त्यातूनच तिबेटमधील खनिजांच्या साठ्यांचा शोध लागला असून, तिथे आता खाणकाम सुरु आहे.

चीन व भारतादरम्यान आजवर झालेल्या करारांचे भारताने नीट पालन केले पाहिजे, असा अनाहूत सल्ला देऊन ते म्हणाले की, भारताने प्रत्यक्ष नियंत्रण रेषेचे संकेतही पाळायला हवेत. एखाद्या गोष्टीचा विनाकारण बागुलबुवा करू नये. (वृत्तसंस्था)

## NCLAT orders status quo on Essar Steel

Lists case for hearing on July 23

PRESS TRUST OF INDIA  
NEW DELHI

The National Company Law Appellate Tribunal (NCLAT) on Tuesday ordered a status quo on the insolvency process for Essar Steel for two months as it admitted petitions of Numetal and ArcelorMittal over bidding eligibility.

The tribunal directed the resolution professional (RP), committee of creditors (CoC) and the NCLT not to pass any order in the ongoing insolvency process of Essar Steel, including liquidation of the debt-ridden firm till further orders.

The NCLAT admitted the cross petitions filed by two applicants – Russia's VTB Capital-based Numetal and ArcelorMittal – challenging their disqualification from the bidding process in Essar



The NCLAT directed Essar Steel's RP to ensure its day-to-day running.

Steel. "Appeals admitted. List for hearing on July 23," said a bench headed by Chairman Justice S.J. Mukhopadhaya. The insolvency resolution process deadline for Essar Steel is May 28. The tribunal further directed the RP of Essar Steel to ensure day-to-day running of the company.

## Tata Steel to borrow ₹16,500 crore for deal

Bhushan balance sheet to hold debt

PRESS TRUST OF INDIA  
NEW DELHI

Tata Steel on Tuesday said it would raise ₹16,500 crore through debt instruments to fund the ₹35,200 crore acquisition of Bhushan Steel Ltd. (BSL).

The remaining amount will be raised through internal resources, it said. The banks, according to industry experts, are expected to take a whopping haircut of about 30-35% in the sale of BSL to an arm of Tata Steel. However, Tata Steel refused to comment on the haircut taken by banks and financial institutions.

"We will be paying a total consideration of ₹35,200 crore. This is expected to give us about 72.65% equity in the company and close to 100% of economic interest in the company because of

the way in which the transaction has been structured," Tata Steel told PTI in an e-mailed response.

From a financing perspective, it said, the transaction was largely financed by "our cash, and incremental debt is only about ₹16,500 crore which will be raised on the target balance sheet eventually."

The company said Bhushan Steel would have about ₹16,500 crore of secured debt and it would be contributing a significant amount of its own capital into the BSL. "We believe that with synergies getting realised over a period of time, we have a good match between the earnings capability of the entire facilities and assets and the capital structure that we are putting in," it said.

THE ECONOMIC TIMES DATE: 23/5/2018 P.N.19

## Appellate Tribunal Asks NCLT to Hold Order on Essar Steel

Admits petitions by NuMetal and ArcelorMittal

Press Trust of India

**New Delhi:** The National Company Law Appellate Tribunal (NCLAT) has directed the resolution professional, committee of creditors and NCLT not to pass any order in the matter related to insolvency resolution of Essar Steel. The appellate tribunal also admitted the cross petitions filed by Russia's VTB Capital-based NuMetal and ArcelorMittal, two resolution applicant challenging their disqualification for Essar Steel.

"Appeals admitted. List for hearing on July 23," said an NCLAT bench headed by Chairman Justice S J Mulpadhyaya.

It further added, "Until further order RP, CoC and adjudicating authority (NLT) will not pass any order including order of liquidation of corporate debtor."

The appellate tribunal fur-

ther said that the resolution professional (RP) of the debt ridden firm would ensure day-to-day running.

NCLAT would conduct daily hearing from July 23 on the matter.

During the proceedings, senior advocate Harish Salve, appearing for ArcelorMittal, sought stay over the second round of bidding contending that it has already cleared ₹7,000 crore dues of Uttam Galva and KKS Petron.

However, senior advocate Mukul Rohatgi asked the tribunal to allow to open the second round of bidding, in which it has placed over ₹37,000 crore bid.

Essar Steel is being auctioned after the company defaulted on payment of about ₹49,000 crore loan to lenders.

Both NuMetal and ArcelorMittal put in a second round of bids after the first bids were opined to be invalid — NuMetal because of it being 25 per cent owned by Aurora Trust of Ruia family, the promoters of Essar Steel; and ArcelorMittal because of it being holding shares in loan defaulting companies Uttam Galva Steel and KSS Petron.

## Pollution Not An Externality, Vedanta

It is extremely unfortunate that a dozen people have been killed and many more injured over a polluting copper factory in southern Tamil Nadu's Thoothukudy. It reflects failure of policy, failure of policing, failure of politics and corporate disregard for the environment and laws that regulate the impact of human action on nature. Payment of compensation to the victims of police violence will not make up for such failure.

Copper smelting creates pollution, as do many industries. This means that active measures must be taken to collect, treat and dispose of the pollutants in a fashion that does not harm the water, air or earth around the factory or the people who live there, not that society can do without those industries. The-



re was a time when an industrial unit could consider pollution to be an externality, something it created but was not responsible for. Environmental, specifically, pollution control regulation seeks to internalise the cost of pollution. No enterprise should try to avoid or reduce this cost by compromising on mitiga-

tion and abatement. It is failure on this count that has allowed popular opposition to build up against the Sterlite Copper plant in Thoothukudi. It is evident that people have little faith in either the company's promise to contain pollution or the government's ability to enforce pollution control. The cost of breaching public trust is high.

It is strange that some non-government organisations had to lead the protests. A responsible political party would have protested against the pollution rather than against the factory, which produces vital jobs and income, besides pollution. Vedanta, which owns Sterlite, should sack the present management, bring in a new team, invest in pollution control, engage the public and salvage its reputation and the plant.

# NLC, NMDC to sign MoU with Australian firm for steel production

PSUs will invest ₹150 cr, access cutting-edge tech

**M RAMESH**

Chennai, May 23

In a few days, SK Acharya, Chairman and Managing Director of the public sector lignite mining-cum-power production company NLC, will fly to Australia to sign an agreement with Environmental Clean Technologies Ltd (ECT), an Australian company. The agreement will effectively lay the foundation for NLC to enter into steel production in a few years.

The agreement is unique in two ways. First, it is for setting up a joint venture between an Australian private sector company (whose biggest asset is technology for using lignite for making steel) and two Indian PSUs, NLC and NMDC. The Australian company will hold 49 per cent in the JV, and the two Indian PSUs will equally own the rest.

The entire ₹150 crore will be brought in equally by NLC and NMDC. ECT will bring technology to the table. The JV will own the IP for all regions except Australia, where ECT will have exclusive rights.

Second, as a consequence of the agreement, the JV will set up a ₹150-crore pilot project at Neyveli to try out a new technology, used only once ever, by ECT for a small test-plant in Australia. This effectively makes it the biggest PPP-mode



A view of the NLC plant in Neyveli. The agreement to be signed provides the framework to proceed with a commercial-scale, integrated steel-making facility, for which land has been identified.

R&D project, which will result in Indian companies securing cutting-edge technology.

## Matmor technology

At the heart of the project is a process that replaces costly coking coal with cheap lignite. "Steel is an alloy based primarily on iron. As iron occurs only as iron oxides in the earth's crust, the ores must be converted, or 'reduced', using carbon. The primary source of this carbon is coking coal," notes an explainer from the World Coal Association.

ECT says its Matmor technology "is the world's first and only lignite-based primary iron making technology, capable of replacing metallurgical coal and high-grade lump iron ore with lower-cost alternative raw materials."

It says the process is based on a "unique pathway that utilises hydrogen, enabling lower operating temperatures

and shorter process times than the traditional blast furnace route."

Today, high-grade coal costs about \$100 a tonne, and coking coal twice as much. In contrast, lignite costs \$30. NLC has an abundance of the mineral.

## Pilot plant

The pilot plant is to be commission-ready by December 2019, and the more significant phase begins after that: making steel. The agreement, which will be signed on May 30 in Canberra, provides for the framework to proceed with a commercial-scale, integrated steel-making facility, for which land has been identified at Neyveli.

A capacity of 500,000 tonnes of steel has been indicated. And, after the successful outcome of the R&D project, the joint venture will license its technology to steel-makers all over the world.

## 'Bhushan Steel Deal May Raise Tata Steel's Leverage'

Tata Steel's capacity will rise to 23 mtpa with the deal, including its own 5 mtpa expansion by 2022

Press Trust of India

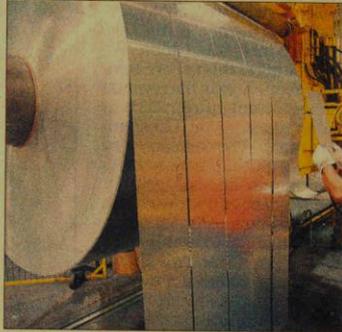
**New Delhi:** Ratings agency Fitch on Wednesday said Tata Steel's acquisition of controlling stake in Bhushan Steel is likely to raise its leverage over the next two to three years.

Tata Steel, which won the bid for Bhushan Steel (BSL) under the insolvency process, completed the acquisition of controlling stake of 72.65% in the debt-laden firm last week.

It has now cleared all the regulatory hurdles needed to proceed with the acquisition after National Company Law Tribunal (NCLT) approved Tata Steel's debt resolution plan for BSL on May 15 2018, it said.

BSL, which has steel making capacity of around 5 million tonnes per annum (mtpa), was one of five key distressed steel assets put up for bidding under insolvency proceedings in India.

"Under the resolution plan, Bhushan Steel's financial creditors will receive ₹352 billion for settlement of existing financial debt. This amount will be financed with new secured debt of ₹165 billion



and cash on Tata Steel's balance sheet. Tata Steel will subsequently acquire a 72.65% equity stake in Bhushan (Steel)," Fitch said.

Tata Steel's projected steel making capacity will increase to 23 mtpa with the Bhushan Steel acquisition and including Tata Steel's own 5 mtpa capacity expansion scheduled to be completed in 2022, it said.

This is in line with management's intention of doubling capacity in India from 13 MTPA in the next five years. Bhushan's main plant is relatively close, about 150 km away from Tata Steel's Kalinganagar plant in Odisha in eastern India. Bhushan Steel's plant is underutilised, producing around 3.5 mtpa currently.

Tata Steel believes its turnaround plan will enable the plant to reach close to 100% utilisation in two years, it added.

## Vedanta operating profit up 27% at \$4.1 bn in FY'18

NEW DELHI, May 23 (PTI)

DIVERSIFIED global natural resources giant Vedanta Resources on Wednesday reported a 27 per cent surge in operating profit at USD 4.1 billion for 2017-18 on higher output and increase in prices.

The LSE-listed company, which produces aluminium, copper, zinc, lead, silver, iron ore, oil and gas and commercial energy, had registered group EBITDA (earnings before interest, tax, depreciation and amortisation) of USD 3.2 billion in the financial year 2016-17, it said in a statement.

Its revenue increased by 33 per cent to USD 15.4 billion driven by firmer commodity prices and volume ramp-ups. The gross debt at USD 15.2 billion saw a reduction of USD 3 billion in 12 months which included repayment of USD 1.2 billion of temporary borrowing at Zinc India, the com-

pany said. Vedanta Resources Plc Chairman, Anil Agarwal said: "...Increased volumes and prices underpinned a 33 per cent increase in revenues to reach USD 15.4 billion, as well as a 27 per cent growth in EBITDA to USD 4.1 billion."

He added: "We reached record production levels at several of our businesses. We transformed our approach to developing our assets, which gives me confidence of efficient and productive ramp-ups across our world class assets..."

"Vedanta remains well positioned to capitalise on India's growing resources demand. I look forward to another strong year for the company." About India, the mining baron said the country had an abundance of opportunities as it was one of the fastest-growing G20 economies, and by 2030 forecasts suggested it would be worth USD 6 trillion with a population of over 1.5 billion.

# Utilise funds with District Mineral Foundations properly: Centre to states

DEEPAK PATEL  
NEW DELHI, MAY 23

THE CENTRAL government has advised states that the money collected by District Mineral Foundations (DMFs), the district-level bodies established under the new mining law — MMDRA Act, 2015 — to benefit local people affected by mining operations, should be used in just two or three schemes so that there is proper utilisation of funds.

Currently, states — flush with DMF funds — are allocating and releasing money to thousands of schemes/projects. For example, till November 30 last year, Chhattisgarh and Jharkhand collected Rs 2,331 crore and Rs 2,314 crore, respectively, for their DMFs. Chhattisgarh has started 43,484 schemes or projects while Jharkhand has begun 2,07,173 schemes/projects.

“As the state governments have started allocating amounts to so many schemes or projects,

we think that the funds will either remain unutilised or get pilfered by junior officials. So, we have advised the state governments to focus on just two or three schemes properly. It will help in proper utilisation of funds,” said a senior Central government official.

Chhattisgarh’s 43,484 schemes are spread across sectors such as drinking water supply, environment preservation, pollution control, health and education, among others. Out of around 2 lakh projects of Jharkhand, 761 are

related to drinking water and sanitation and 52 are for the health sector. About 99 per cent of Jharkhand’s are for open-defecation free villages.

While 12 mineral-rich states have collected Rs 13,398 crore for their DMFs, they spent only 17 per cent of the amount till the end of 2017. As on November 30, 2017, Madhya Pradesh, Rajasthan, Maharashtra and Andhra Pradesh spent just 10.83 per cent, 20 per cent, 9.03 per cent and 13.97 per cent of the funds, respectively.

Madhya Pradesh established its DMF for major minerals on May 15, 2015. Rajasthan, Maharashtra and Andhra Pradesh established DMFs for major and minor minerals on May 31, 2016, September 1, 2016, and June 27, 2015, respectively.

Minor minerals include building stones, gravel, ordinary clay, ordinary sand, limestone used for lime burning, boulders, *kankar*, *murum*, brick earth and bentonite. Major minerals include coal, manganese ore, iron ore, bauxite, lime-

stone, kyanite, sillimanite, baryte and chromite.

The MMDRA Act, 2015, mandated the establishment of DMFs — for major as well as minor minerals — in all districts affected by mining-related operations. Most districts affected by mining operations are extremely poor and without basic amenities such as clean water, schools and hospitals.

Any mining licence or composite licence (prospecting licence-cum-mining licence) can be granted by state governments

only through the auction route, the Act states. Such a licence-owner company has to pay the DMF — established in the districts where it is mining — an amount equivalent to 10 per cent of the royalty. However, under the old mining law, licences were granted on a discretionary basis by the state governments. The companies with such licences have to pay an amount equivalent to 30 per cent of the royalty towards DMFs.

High priority areas like drink-

ing water supply, health care, sanitation, education, skill development, women and child care, welfare of the aged and disabled people, skill development and environment conservation will get at least 60 per cent share of the funds, as per the rules. For creating a “supportive and conducive” living environment, the mining rules state that the remaining funds will be spent on making roads, bridges, railways, waterways, irrigation facilities and alternative energy sources.

# HC stays Vedanta plant expansion

**ARUN JANARDHANAN**  
TUTICORIN, MAY 23

OBSERVING THAT “the economic benefits of encouraging industries cannot be ignored” but “the toll extracted on available resources, water and soil regimes by such industries cannot also be lost sight of” and given that there is “another stakeholder... one that is invisible in the array of parties, the en-



**Protesters demanding the closure of the Vedanta unit in Tuticorin hit the streets again Wednesday. PTI**

vironment... (the) hapless party”, the Madurai bench of the Madras High Court Wednesday stayed the expansion of the Sterlite Copper smelter plant of the Vedanta group in Tuticorin.

The interim order by the bench of Justices M Sundar and  
**CONTINUED ON PAGE 2**

## Vedanta plant

Anita Sumanth came amid ongoing protests against the expansion plans of the plant and demands for its closure over pollution concerns. A day earlier, at least nine persons were killed — the toll climbed to 12 Wednesday — after police opened fire on protesters following violent clashes.

The bench passed the order on a petition filed by Fathima Babu, a retired professor and resident of Tuticorin. The judges said “the application for renewal of EC (environmental clearance) submitted by Vedanta shall be processed expeditiously after conduct of mandatory public hearing. In any event, the application shall be decided by the appropriate authorities within a period of four months from today i.e. on or before 23.09.2018.”

“In the meanwhile, Vedanta shall cease construction and all other activities on-site proposed Unit-II of the Copper Smelting Plant at Tuticorin with immediate effect. The resumption/continuance thereof, if it be so, shall be subject to the decision taken upon above,” the bench said.

In issuing these directions, “we believe

that we have taken into account and balanced the interests of all parties before us, the public as well as Vedanta. While, on the one hand, the economic benefits of encouraging industries cannot be ignored, the toll extracted on available resources, water and soil regimes by such industries, cannot also be lost sight of. There is thus yet another stakeholder before us, one that is invisible in the array of parties, the environment in itself. In balancing the interests of all parties to this Public Interest Litigation, we believe that the interests of this hapless party be treated on par, if not paramount,” the bench said.

It noted that according to the petitioner, the environmental clearance was “obtained by Vedanta, without the conduct of a public hearing and the requirement for such hearing had been waived on the incorrect representation of Vedanta that Unit II was to be located in Phase II of SIPCOT Industrial Park that had itself been granted approval”.

The petitioner submitted in court that “Vedanta is engaged in the activity of managing and operating a Copper Smelter Plant and has been operating Unit I in Tuticorin since 1995. Its operations have met with

severe public resistance from inception. In 2008, Vedanta proposed expansion of its Copper Smelter Plant by putting up Unit II thereof, and obtained Environmental Clearance in this regard on 1.1.2009”.

The plant has been shut since March 27 this year — the company had consent to operate the plant until March 31 this year.

On February 2, Kuldip Kaura, chief executive officer (CEO), Vedanta Resources, said during an analyst conference call: “The copper smelter... we have the requisite permits, and project has already been awarded and the construction work has commenced. This is a two-year project duration; this should have the project commissioned towards the end of financial year 2020.”

Three months later, on May 3, Kaura said: “Copper India business recorded a production of 4,03,000 tonnes this year (2017-18). Our operations at Tuticorin are currently shut down as our application for renewal of the consent to operate has not been approved... we have engaged with the authorities with the responses to some of the questions which they raised and we believe the resolution for this should happen soon.”

# 'Bhushan Steel Acquisition Better than Investment in Similar Greenfield Project'

Tata Steel's focus will be to leverage asset footprint from BSL's acquisition to create future value: CFO

Rakhi.Mazumdar@timesgroup.com

**Kolkata:** Tata Steel has backed the valuation on the Bhushan Steel (BSL) acquisition, the first major successful resolution under the dedicated bankruptcy code, arguing that investment in a similar sized greenfield project would have led to significant time- and cost-overruns.

"The time value of money is critical for greenfield projects in India... land acquisition and clearances, and the time to build and ramp up fully could easily take more than 40 months," Koushik Chatterjee, CFO, Tata Steel, told ET.

"Having built a new greenfield capacity in the last few years, and considering the stage of the commodity cycle and strong fundamentals of the industry in India, one of the key valuation metrics for us was the time adjusted replacement cost of the facilities," Chatterjee said.

A greenfield project of 5 million tonne per annum (MTPA) hot rolled coils (HRC) and 2 MTPA cold rolling (CR) mill will require a capex of ₹31,000 crore, assuming ₹5,100 crore per million tonne of HR capacity, plus cost of infrastructure. This does not take into account the other downstream facilities Bhushan has, Chatterjee said.

Assuming a four-year gestation period to build the facilities, the present value of four-year potential cash flows is another ₹13,000-15,000 crore.

"Even without the option value of future growth and the downstream portfolio, the economic value will be in the range of ₹44,000-46,000 crore, which compares favourably to our acquisition cost. Our focus will obviously be to leverage the asset footprint from the acquisition to create future value," Chatterjee added.

## FINANCIALS BEHIND THE BSL PURCHASE

Analysts have said the purchase will enrich Tata Steel's automotive steel portfolio.



**KOUSHIK CHATTERJEE**  
CFO, Tata Steel

Even without option value of future growth and downstream portfolio, the economic value will be around ₹44,000-46,000 cr, which compares favourably to our acquisition cost

"BSL's presence in the value-added, fast growing auto segment complements Tata Steel's strategy. In our view, the transaction cost of \$1,060/t is fair as it gives Tata Steel an opportunity to enhance its presence in the value-added auto segment," Edelweiss Securities analyst Amit Dixit said in a recent report.

The total cost of the BSL acquisition is ₹35,200 crore for settlement of the debt, which has been paid upfront to the lenders of Bhushan Steel, and novation of the remainder debt. As part of the Resolution Plan approved by NCLT, Bhushan Steel has issued new shares to Tata Steel, which gives controlling interest of around 72% in the company, while lenders will hold around 12%, and the rest of the equity will be held by the existing shareholders.

Chatterjee said the overall capital structure for the transaction has been prudently designed, keeping in mind the potential earnings profile of the business. The acquisition has been funded by around ₹18,000 crore of Tata Steel's own capital, including internal generation and around ₹16,500 crore of debt drawn on the 100% owned subsidiary company Bannipal Steel that holds the equity of Bhushan Steel.

## COST SAVINGS AND SYNERGIES

Within hours of closure of the formalities last Friday, Tata Steel deputed around 35 experienced managers including key managerial personnel to the company across different operating sites, Chatterjee said.

"They have had several levels of engagement with our new colleagues in Bhushan Steel and are enhancing their understanding of the company's activities. The atmosphere has been warm and welcoming and we value that immensely," Chatterjee said. "We see a lot synergy potential in manufacturing, commercial, network optimisation, procurement and SG&A."

## FINANCING AND LIQUIDITY

Given the large size of its balance sheet, Tata Steel has always been looking at opportunities both domestically and overseas to raise capital, Chatterjee said.

Tata Steel's strong operational performance in India in Q4 FY18, with an EBITDA margin of 30% and improvement in its European performance on a quarter-on-quarter basis, has led to a significantly better outlook. A strong year-end liquidity, with more than ₹22,800 crore of cash and cash

equivalent, has also added to the cheer. The pension restructuring in the UK is now complete following the Regulated Apportionment Arrangement (RAA) process that was approved by the UK pension regulator.

"We now have a new closed scheme following the member consent process, with around 83,000 members. This represents around 69% of the members of the closed British Steel Pension Scheme who would continue to be members of the new scheme," Chatterjee said.

The new scheme has an asset size of around £11 billion while the liabilities are around £8.9 billion as of March 31, 2018. "The one-off credit in the last quarter financial statement was more to reflect the non-cash accounting treatment of the actuarial liabilities, which reflect the surplus value of the assets over liabilities," Chatterjee explained. This also makes the scheme more sustainable and allows it to pursue a low risk investment strategy, he added.

## PROPOSED JV WITH THYSSENKRUPP

While issues concerning its UK steel business are getting resolved, Tata Steel's discussion on the creation of a joint venture with Thyssenkrupp is advancing at a "good pace", Chatterjee said.

The process of consultations with various works councils in Europe regarding the merger has progressed constructively.

"As potential shareholders of the new venture, we feel we have provided enough comfort and insight to all stakeholders that the proposed pan-European joint venture will be in the best interest of all concerned. The combined business will have a very resilient and value creating business profile," he said.

Since the joint venture will be a 50:50 equity ownership between the partners, the question of majority ownership at this point does not arise for either partner, Chatterjee pointed out.

"Once the joint venture is formed, around €2.5 billion of Tata Steel consolidated debt that currently resides on Tata Steel Europe balance sheet will be de-consolidated from Tata Steel and move to the joint venture balance sheet along with the business," Chatterjee said.

# **BANKERS SAY** cases where 'gold-plating' of project costs and siphoning off of funds had taken place, the recovery could be meagre **'Bhushan Steel Resolution Could be More of an Exception than the Norm'**

Joel Rebello and Saloni Shukla

**Mumbai:** Dalal Street may have become more optimistic about the recovery of funds stuck in defaults after banks got back about 63% of their combined exposure in the Bhushan Steel resolution, but cautious bankers believe that the successful outcome involving the stressed alloy maker could be more of an exception than the norm.

The takeover of Bhushan Steel by Tata Steel has recently added sheen to the shares of state-run lenders, including those of State Bank of India (SBI). But in cases where 'gold-plating' of project costs and siphoning off of funds had taken place, the recovery could be meagre, say bankers.

Furthermore, the theory that big accounts that run into thousands of crores of rupees could see high recoveries may well be misplaced, with lukewarm response for companies such as Alok Industries, Lanco Infratech, and ABG Shipyards.

"We expect 50% recovery from NCLT 1 accounts and roughly 25% recovery from the second list," said Rajnish Kumar, Chairman, SBI. "Most of the recovery is coming from steel accounts, while there is very low recovery from sectors such as EPC."

Even as the Insolvency and Bankruptcy Code (IBC) muddles through many challenges and amendments, opinions on its effectiveness are still being debated. While many banks are holding on to assets in the hope that they would fetch high returns if resolved, many are selling them down to realise whatever value they could realise as they wind through the National Company Law Tribunals.

Take, for example, Essar Steel that owes a clutch of Indian and foreign banks more than Rs 49,000 crore. A bitter bidding war between the VTB-led Numetal and European steel giant ArcelorMittal has resulted in accusations and counter-accusations and two rounds of auctioning. At both, each side has argued why the other should not qualify to own the state-of-the-art 10 MTPA steel capacity.



Even as a clutch of lenders, mostly from the public sector, await a winner and some big bucks after this hot contest, a small group of private sector banks sold the Essar Steel loans to asset reconstruction companies at discounts.

"If you look at the fact that we have sold some loans and recovered 60% of the value and used it for other productive purposes, we are better off. But that is the case as we speak," said V Srinivasan, deputy managing director at Axis Bank.

"The way companies are bidding aggressively, in some cases it looks like banks may end up getting 100% of the value, which could mean selling the asset at a discount is not such a smart deal," Srinivasan said. "It all depends on the time taken for resolution and the final amount of recovery - on which the jury is still out."

In the case of Essar, HDFC Bank was the first to take the call when it sold its entire Rs 550-crore exposure to an asset reconstruction company at a 40% discount back in 2015. ICICI Bank followed its private sector peer by selling its Rs 1,600-crore exposure in July 2016, followed by Axis Bank, which sold Rs 1,000 crore of loans in October 2016.

However, bankers still say that the existing bankruptcy framework, which is work-in-progress, is a better deal despite the delays.

"It will not be right to compare the current process with deals involving asset reconstruction companies," said Rakesh Singh, head of investment banking at HDFC Bank. "One has to understand that this is a new law and it will take time to evolve. As we go along, I am confident that we will get a quicker process."

## Prabhu to meet USTR to sort out aluminium, steel tariffs issue

AMITI SEN

New Delhi May 24

India and the US will hold high-level bilateral talks next month to sort out the issue of additional import duties announced by Washington on steel and aluminium products from India and the retaliatory action planned by New Delhi.

Commerce and Industry Minister Suresh Prabhu will meet US Trade Representative Robert Lighthizer during his US visit from June 10 to 14 where the two are expected to look for a mutually acceptable solution to the contentious issue of the additional levies, a government official told *BusinessLine*.

Last week, New Delhi threatened to impose additional duties of 5 per cent to 50 per cent on 20 items imported from the US, including almonds and motor cycles, in response to the US' announcement of import duties of 25 per cent and 10 per cent on imports of steel and aluminium products from India. India said that the levies worth \$165.56 million — equivalent to the effects on India's trade due to the US measures — would come into effect

earlier than June 21 if the US goes ahead and imposes the additional duties on steel and aluminium.

“India is hopeful that the matter would be settled between the Commerce Minister and the USTR so that both countries don't end up imposing additional tariffs,” the official said.

India also lodged a dispute at the WTO against the US on Wednesday stating that the additional duties on steel and aluminium announced by it are inconsistent with provisions of the WTO's General Agreement on Tariffs and Trade (GATT) 1994 and of the Agreement on Safeguards.

Prabhu, who will visit Washington DC and New York, is also scheduled to meet representatives from a number of US-based think-tanks and business communities. The Trump administration justified the additional duties announced for a handful of members including China, the EU, Russia, Japan and South Korea in March this year stating that they were based on security concerns. Trump also said that these were necessary to boost the US industry suffering from “unfair” business practices.

# Diamond Industry Expects Robust Demand in Q2, Q3

Trade body sees year-on-year growth of 5-10% in the two quarters

Sutanuka Ghosal  
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**Kolkata:** Rough diamond prices have risen 3-4% in the past one month as global demand has strengthened, offering some relief to domestic diamond manufacturing sector that has seen bank credit tighten in the wake of the alleged nearly ₹14,000 crore Punjab National Bank fraud case.

"Demand is picking up in the world markets. We are expecting a robust demand in the second and third quarters of 2018-19," said Colin Shah, vice-chairman, Gem & Jewellery Export Promotion Council. "The growth in these two quarters should be 5-10% higher than in the corresponding period of the previous year."

However, Shah said, the growth will also depend on some macroeconomic factors such as oil prices, rupee depreciation, interest rates and economic growth in the run-up to the 2019 Lok Sabha election. "All these factors can affect the Indian manu-

facturing sector. But despite all these exports will grow in the second and third quarters," he said.

In FY18, exports of gems and jewellery from India fell 11.29% from a year ago to ₹2,10,869.4 crore. In April, the first month of the current fiscal, exports fell another 20.59% to ₹16,983.46 crore.

"There is no cause to worry. This is normal. Exports are now steady and the real pickup will happen from July onwards," said Shah. There is good demand from markets, including from the United States for large diamonds, said Vipul Shah, a leading diamond exporter.

Weaker rupee is also providing a fillip to exports although, analysts said, prices of polished diamonds have not gone up in tandem with pri-

ces of rough diamonds. "There will be pressure on the margins of manufacturers if polished diamond prices do not go up," said Anirudha Liddibe, a Surat-based diamond trade analyst. "Manufacturers in Surat are very cautious now. They are not ready to build an inventory as they are uncertain what new guidelines banks will come up with for lending to the gems and jewellery sector. Banks have asked diamondaires to become more transparent while dealing with them."

Besides, domestic consumption of diamonds remains muted even as exports are looking up. "High gold prices have affected the consumption of gems and jewellery in the country. This has also impacted diamond consumption," said another analyst, who did not wish to be identified.



**In FY18, exports of gems and jewellery from India fell 11.29% from a year ago to ₹2,10,869 cr**

# अवैध रेत उत्खनन के आरोपी को जमानत नहीं

## हाईकोर्ट ने कहा-रिकॉर्ड में आरोपी की संलिप्तता प्रमुख

ब्यूरो | मुंबई

सरकारी जमीन पर रेत का अवैध रूप से उत्खनन गंभीर मामला है, यह कहते हुए बॉम्बे हाईकोर्ट ने इस मामले के आरोपी को अग्रिम जमानत देने से इनकार कर दिया है। अवकाश न्यायमूर्ति अजय गड़करी ने कहा कि इस मामले में गिरफ्तार आरोपियों के बयान आरोपी की इस प्रकरण में संलिप्तता को दर्शाते हैं।

रिकार्ड के हिसाब से देखा जाए तो जमानत के लिए आवेदन करनेवाला आरोपी अवैध रेत उत्खनन के अपराध का मास्टर माइंड है। इसलिए आरोपी के अग्रिम जमानत के आवेदन को खारिज किया जाता है। न्यायमूर्ति ने कहा कि रिकार्ड अपने आप में दर्शाता है कि प्रकरण से जुड़े आरोपी अवैध रूप से रेत उत्खनन के काम में शामिल



थे। जहां तक बात जमानत के लिए आवेदन करनेवाले आरोपी की है तो प्रकरण की जांच को लेकर मामले में गिरफ्तार आरोपी के बयान पर विचार किया जा सकता है। इससे पुलिस को अपराध की जांच को आगे बढ़ाने का सुराग मिलता है। मामले से जुड़े रिकार्ड के साथ लगे सबूत आरोपी की इस मामले में भूमिका दर्शाते हैं। इसलिए वह फिलहाल अग्रिम जमानत पाने के योग्य नहीं है।

### तथा है मामला

गौरतलब है कि आरोपियों के खिलाफ ठाणे के कसेली इलाके में स्थित सरकारी क्रीक (खाड़ी) में अवैध रूप से रेत के उत्खनन को लेकर सरकारी अधिकारी ने पुलिस में शिकायत दर्ज कराई थी। पुलिस ने आरोपियों के खिलाफ भारतीय बंड संहिता की धारा 379, 439, 34 व महाराष्ट्र लैंड रेवन्यू कोड तथा पर्यावरण संरक्षण कानून के प्रावधानों के तहत मामला दर्ज किया है।

### कोई भूमिका नहीं

इससे पहले आरोपी कैलाश पाटील की ओर से पैरवी कर रहे वकील ने कहा कि उनके मुवकिल की इस मामले में कोई भूमिका नहीं है। पुलिस इस प्रकरण में गिरफ्तार आरोपियों के बयान के आधार पर मेरे मुवकिल को गिरफ्तार करने की तैयारी में है। इसके अलावा पुलिस के पास मेरे मुवकिल के खिलाफ कोई सबूत नहीं है। इसलिए मेरे मुवकिल को गिरफ्तारी से राहत प्रदान की जाए।

## Gold demand fades; discounts widen in India

REUTERS

Mumbai/Bengaluru, May 25

Physical gold demand remained subdued this week in most Asian hubs as prices rebounded following an initial dip, while dealers in India offered bigger discounts to spur buying amid high domestic prices.

"When the (global) prices fell below \$1,300 we saw some gold demand, but since the prices turned higher, the physical demand also slowed down," said Peter Fung, head of dealing at Wing Fung Precious Metals in Hong Kong.

Global benchmark spot gold jumped on Thursday, after easing to 2018 lows earlier this week, as US President Donald Trump cancelled a planned June meeting with North Korean leader Kim Jong Un, stoking geopolitical tensions. In top consumer China, premiums eased to \$6-\$7 an ounce over benchmark prices, compared with \$8-\$9 over in the previous week, pressured by a seasonal slowdown amid a weaker yuan.

Hong Kong premiums were little changed from last week's 60 cents to \$1.30 an ounce level.

"In China, I heard the demand is not strong, but that is normal because now is typically a soft season for gold... the yuan also depreciated," said Samson Li, an analyst with Thomson Reuters GFMS. Dealers in India, the world's second-biggest consumer, were offering a discount of up to \$6 an ounce over official domestic prices this week, the highest since March 24 and versus \$4 last week. The domestic price includes a 10 per cent import tax.

"Demand is negligible. Jewellers are not comfortable with the current price level," said a

Mumbai-based dealer with a private bullion importing bank. In the Indian market, gold futures were trading around 31,325 rupees per 10 grammes, after rising to 31,620 last month, their highest since August 2016.

"The rupee depreciation is making gold expensive for Indians. Investment demand is very weak," said a gold dealer based in Ahmedabad in the western state of Gujarat. The rupee has depreciated by about 6 per cent this year, and hit its lowest in 16 months this week.

# SCCL set to kickstart Coal Corridor

An industrial estate for Singareni ancillary units is coming up at Powerhouse Colony in Godavarikhani

K.M.DAYASHANKAR  
PEDDAPALLI

As part of the new industrial policy, the State government had decided to establish a Coal Corridor – along the coal belt region of north Telangana – that would comprise ancillary units for the Singareni Collieries Company Limited. The units would not only provide employment to the locals but also supply material and spare parts for the SCCL, NTPC Ramagundam, the upcoming Ramagundam Fertilizers and Chemicals Limited (RFCL) and other industries in Ramagundam coal belt region.

The Singareni management is taking steps to towards setting up of Coal Corridor and an industrial estate is coming up the Powerhouse Colony in Godavarikhani where 11 units are scheduled to come up. The SCCL would provide infrastructure like sheds, electricity and water to young entrepreneurs to set up their units and supply required material



The Singareni authorities making arrangements for the setting up of ancillary units at Godavarikhani in Peddapalli district.

BY ARRANGEMENT

to the collieries. Work is on at a brisk pace at the industrial area and it is likely to be ready for occupation in a couple of months, sources said. The setting up of ancillary units of Singareni in the region was pending for several decades. The trade union leaders and others have been demanding that the SCCL help establishment of

ancillary units so that the company would be able to procure locally its requirement of material like roof bolts, roof supporters, nuts and bolts, cement capsules, wire mesh and electric appliances and other spare parts for the mining operations.

The SCCL management has already started the pro-

## Creating employment

- Coal Corridor being set up in Singareni belt
- Ancillary units to come up in Ramagundam, Kothagudem, Bhupalapalli and Ramakrishnapur areas
- SCCL would provide infrastructure like sheds, power and water supply for units
- Units to produce roof bolts, roof supporters, cement capsules, wire mesh and other spare parts used in mining operations
- Plans afoot to start other ancillary units to supply to the NTPC, RFCL and Kesoram cement and other factories
- Each unit to provide employment to five to 10 unemployed

cess of identification of interested and unemployed youth from among the land oustees, coal miners and lo-

cal youth for the setting up of the units to produce its requirement. The Singareni management has taken up capacity building of interested youth and helping them draw up project proposals apart from assisting them in getting bank loans. The SCCL is also giving an assurance to buy the products of the units to help provide employment throughout the year, the sources added.

The SCCL has been procuring materials like roof bolts, roof supporters, cement capsules, levering and wire mesh, worth over ₹ 300 to ₹ 500 crore per annum from various private companies.

The setting up of the units by the locals would ensure supply of such spare parts material at low cost and help youth to secure employment, the sources said. "It is a mutually beneficial programme and also corporate social responsibility programme of the Singareni," they maintained.

# Aluminium to be range-bound

The protectionist economic policies of the US could trigger an over supply

SATYA SONTANAM

The movement of the spot aluminium prices on the London Metal Exchange (LME) have been robust in the past one year, recording a growth of about 16 per cent year-to-date. However, volatility has also been high, triggered by the US' imposition of tariffs on aluminium import and sanctions on Russian aluminium giant Rusal, which contributes nearly 6 per cent to the global production of the metal.

Aluminium prices rallied beyond \$2,600 per tonne, a multi-year high, after the imposition of sanctions on Rusal, but slipped back to \$2,200-levels in less than a week after the US moved to ease the effect of the sanctions.

The metal now quotes at nearly \$2,254 per tonne on LME.

Going forward, with uncertainties looming around the corner with respect to the US sanctions, slow shut down of smelter capacities in China and recent rise in inventory levels, average monthly alu-

minium prices are expected to be range-bound between \$2,100 and \$2,400 in the next six months.

However, the long-term picture is positive as the demand for the metal is expected to be promising with the increasing use of aluminium and its alloys (substituting steel) in the automobile sectors in the US, Europe and China; rising use of aluminium wiring instead of copper in the power sector; and the advancement of e-vehicles which are expected to consume more aluminium than conventional vehicles.

## Threat of over supply

Since China accounts for more than 50 per cent of the global aluminium output, any addition of smelter capacities, or any ramp-up or shut-down of plants in the country will have a direct bearing on the aluminium prices.

The metal's LME price has been moving up, factoring in the supply deficit that would be created due to shut-down of illegal capacities and production cuts in China, to alleviate the environmental im-



pack; but this may no longer hold prices up. Many producers are already reluctant to shut down plants, and are re-starting closed smelters to make the most of the current favourable conditions in the sector.

In fact, there was no impact on net capacity and production in China in 2017, despite a few production cuts, as there were new capacity additions, too.

Also, the protectionist economic policies of the US, which has posed tariffs and other barriers for US companies to trade with other nations, could trigger an over supply of the metal globally. The US' imposition of 10 per cent tariff on aluminium imports will result in the opening up of closed smelters in the US, and shut down other

aluminium producers' opportunity to export the commodity to the US. This will create an excess supply in those countries. The tariff imposition – which has been delayed for Canada, the EU and Mexico – will come into effect on June 1. China's counter attack by imposing additional 25 per cent duty on aluminium scarp imports from the US will add fuel to the fire.

However, the sanction on Russia's Rusal, if implemented, is expected to reduce the supply of aluminium in the global market by about two million tonnes.

But this news doesn't turn the tide in favour of aluminium as it has been already priced in by the market.

According to the International Institute of Aluminium, global aluminium

production was nearly 63 million tonnes in 2017, an increase of about 5.8 per cent over the previous year. It is expected to reach 70 million tonnes by 2020 – an annualised growth of 3.4 per cent.

Demand matched supply during the year as China was surplus by two million tonnes and the rest of the world was in deficit by the same quantity.

Going forward, the world's aluminium demand is expected to grow at a rate of around 4 per cent. The US and Europe are expected to generate robust demand, majorly driven by transport and construction sectors.

However, what's worrying analysts is the recent rise in inventories of the metal at LME, which could cause pressure on the aluminium prices.

## India in line with LME

There is a positive correlation between LME aluminium prices and domestic aluminium prices as they move in tandem with the landed prices of aluminium as determined by LME. So users of aluminium, including automobile makers and construction companies, may not see a significant increase in input cost as seen in 2017.



## Looking ahead

- Increase in supply and higher inventories
- Sanctions on Russia's Rusal not a concern
- Long-term picture is positive

## A large pie

China accounts for more than 50% of the global aluminium output

# Gold likely to remain under pressure

Strong dollar is likely to cap the upside in prices

GURUMURTHY K

In a surprise move, gold prices declined below the key level of \$1,300 per ounce in the middle of this month. This has brought the prolonged sideways consolidation in gold prices – between \$1,300 and \$1,370 – to an end.

The strength in the US dollar has played spoil sport to an otherwise healthy uptrend in prices in the beginning of the year. A strong surge in the US dollar index dragged gold prices to a low of \$1,282 earlier last week. But, US President Donald Trump's calling-off of his meeting with North Korean leader Kim Jong Un, that triggered political tensions, gave gold a breather.

The yellow metal bounced back above \$1,300 again to a high of \$1,307 on Friday. But the possibility of gold sustaining above \$1,300 remains uncertain as Trump on Friday said that his meeting with Kim could still happen as scheduled on June 12, which could once again ease the tension.

## Strong dollar

While the uncertainty over the US-North Korea meet may support gold prices, strong dollar, on the other hand, may continue to keep the yellow

metal under pressure in the short term. The US dollar index (94.25) is on a strong footing, and has surged breaking above a key level of 93.

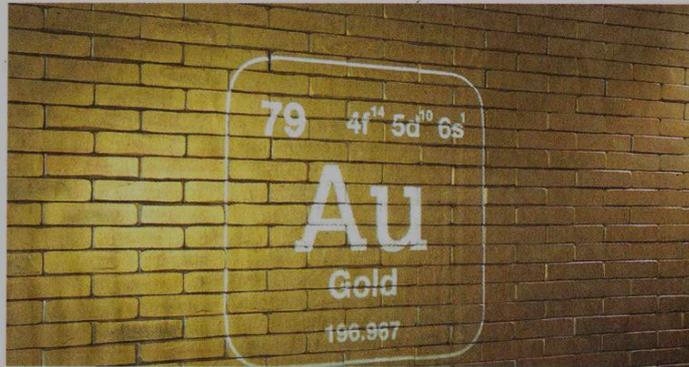
Though there is some resistance near current levels, the overall bullish outlook remains intact. The current uptrend in the index is likely to extend in the coming weeks, and can target 95 or even 96 levels over the short term. The rally in the dollar index will drag gold prices lower again below \$1,300 in the coming days.

The dollar index will come under pressure only if it declines below 93. Such a break, though, looks less likely at the moment.

## Gold outlook

The global spot gold (\$1,302 per ounce) came off last week from its high of \$1,307. A crucial resistance in the \$1,308-\$1,310 region has capped the upside in gold. A strong break above \$1,310 is needed for the outlook to turn completely positive. Such a break will ease the downside pressure and can take the prices higher to \$1,325. A further break above \$1,325 will then increase the likelihood of the prices revisiting \$1,350 levels thereafter.

But as long as gold remains below \$1,310, it is likely to remain under pressure and break below the immediate support level of \$1,298. Such a break can take the prices



AFP

lower to \$1,280 or \$1,275 in the short term. A further break below \$1,275 will see the fall extending to \$1,260. The level of \$1,260 is a strong medium-term trend support, and a fall below this level is less probable at the moment.

On the domestic front, the gold futures contract on the Multi Commodity Exchange (MCX) came off after making a high of ₹31,510 per 10 gm. It closed the week at ₹31,189. The contract has been broadly range-bound between ₹30,850 and ₹31,620 since April. Within this range, the possibility of the contract moving down towards ₹30,850 – the lower end of the range – is high in the near term.

However, the possibility of the contract breaking below ₹30,850 seems lower. A

bounce back from ₹30,850 will see the contract rallying back to ₹31,500 levels. An eventual break above ₹31,600 will see the MCX-Gold futures contract targeting ₹32,500 and ₹33,000 over the medium term.

Traders can hold the long positions taken at ₹31,100. Accumulate on dips at ₹30,900. Retain the stop-loss at ₹31,250 for the target of ₹32,000. Revise the stop-loss higher to ₹31,550 as soon as the contract moves up to ₹31,800.

## Silver outlook

The global spot silver (\$16.51 per ounce) has been stuck inside a narrow range between \$16.15 and \$16.85 over the past three weeks.

A breakout on either side of \$16.15 or \$16.85 will determine the next trend. A strong break

below \$16.15 can drag silver lower to \$15.75 or \$15.60. On the other hand, if silver manages to decisively rise past \$16.85 in the coming days, it can rally to \$17.25.

The outlook for the MCX-Silver (₹40,267 per kg) futures contract is mixed. Like the global spot prices, the MCX-Silver contract has also been range-bound over the past three weeks. The contract is stuck in between ₹39,500 and ₹40,900. A breakout of this range will give a clear cue on the next trend.

If the contract breaks the range below ₹39,500, a fall to ₹39,000 is possible. On the other hand, if the contract manages to breach the range above ₹40,900, the contract can gain momentum. Such a break can trigger a fresh rally to ₹42,000.



## MCX Gold

Supports:  
₹30,850/30,500  
Resistances:  
₹31,600/32,000

## MCX Silver

Supports:  
₹39,500/39,000  
Resistances:  
₹40,900/42,000

₹7,960-CRORE OFFER

# Binani Cement lenders votes in favour of UltraTech proposal

Under the plan, all financial as well as the operational creditors will receive their complete dues

**MITHUN DASGUPTA & SHAMIK PAUL**  
KOLKATA/MUMBAI, MAY 28

BINANI CEMENT'S committee of creditors (CoC) on Monday voted in absolute majority in favour of the revised resolution plan submitted by the Aditya Birla Group-controlled UltraTech Cement which has offered to pay Rs 7,960 crore. Under this plan, all the financial as well as the operational creditors will receive their complete dues.

The resolution plan will now be sent to the National Company Law Tribunal (NCLT) for its approval as per the Insolvency and Bankruptcy Code (IBC) process. After the NCLT's approval, the plan will need to be approved by

the National Company Law Appellate Tribunal (NCLAT). The stance of the Supreme Court also needs to be seen as on Monday it agreed to hear next week the petition of rival bidder Dalmia Bharat, which wants that UltraTech's bid not be considered at all.

The NCLAT has been hearing multiple petitions filed by both UltraTech Cement and Dalmia Bharat. It is scheduled to hear the matter again on July 10. In the interim, it asked the resolution professional (RP) Vijaykumar V Iyer to continue with the resolution process, but said that the final outcome will be subject to its order.

"The creditors have voted for UltraTech Cement with a 100 per cent majority. UltraTech Cement has agreed to pay Rs 7,960 crore,

**The resolution plan will now be sent to the NCLT for its approval as per the IBC process**

which includes Rs 300 crore towards working capital of Binani Cement," a senior banker who was part of the nine-hour-long CoC meeting, said. A spokesperson for UltraTech Cement did not comment on the matter. On the other hand, Dalmia Bharat will wait for the NCLAT's decision on this matter. Sources close to the development said the company would approach the Supreme Court if the NCLAT's decision was not in its favour.

Binani Cement owes around

Rs 6,500 crore to its financial creditors, according to claims admitted by the National Company Law Tribunal (NCLT). It owes around Rs 600 crore to its operational creditors.

The RP and the CoC decided to go ahead with the CoC meeting on Monday despite Dalmia Bharat writing a letter to them on Sunday urging them not to proceed until the Supreme Court's decision on this matter was available. In its petition in front of the apex court on Friday, Dalmia arm Rajputana Properties challenged the NCLAT's May 15 order, where the appellate tribunal had directed the RP not to decide on the eligibility of the bidders but to pass on the resolution plans in sealed covers to the CoC. On Monday, Rajputana Properties'

petition was mentioned before a bench of the Supreme Court by its counsel for early hearing. The apex court is scheduled to hear the case on June 4.

Earlier this month, the CoC gave the option to Dalmia Bharat to match UltraTech's bid by May 23, but Dalmia Bharat decided to stick to its original offer of around Rs 6,500 crore. Also, Binani Industries, which holds a 98.4 per cent stake in Binani Cement, had moved the NCLAT offering to clear all dues of all creditors within two weeks if Binani Cement was brought out of the purview of the corporate insolvency resolution process.

This is the second time Binani Industries has attempted to bring Binani Cement out of the purview of the IBC. FE

# It's curtains for Sterlite plant in TN

TN govt move, days after 15 people were killed in police firing, cites PCB's revocation of consent

**OUR BUREAU**  
Chennai, May 28

The Tamil Nadu government on Monday issued an order to permanently shut down Sterlite's copper plant in the port town of Thoothukudi, a week after 15 people protesting against the factory were killed in police firing.

Chief Minister Edappadi K Palaniswami said in a statement that the decision to seal the plant was taken in the interest of the people.

The plant, which has been in existence for 22 years, has the capacity to produce 4 lakh tonnes of copper annually. Sterlite employs 3,500 people at the unit, has invested ₹2,500 crore in it, and had announced an expansion of ₹3,000 crore in September 2008 to

double the capacity.

The Government Order issued on Monday drew from the Tamil Nadu Pollution Control Board's (TNPCB) decision not to renew the 'consent to operate' for the smelter unit. TNPCB's consent had expired on March 31, 2018, and on May 23, the pollution watchdog issued directions for disconnection of power supply to the Sterlite unit.

"Under Section 8(1)(b) of the Water Act, 1974, the government, in the larger public interest, endorses the closure direction of the TNPCB and also directs the TNPCB to seal the unit and close the plant permanently," says the order issued by Mohammed Nasimuddin, Principal Secretary to the



This March 2013 photograph shows the entrance to Sterlite Industries Ltd's copper plant at Thoothukudi, Tamil Nadu. Sterlite is part of the London-based Vedanta Resources REUTERS

Tamil Nadu Government.

Chief Minister Palaniswami said the decision to permanently

seal the plant was taken after meeting the anti-Sterlite protesters on Monday morning, and after

consultations with Cabinet colleagues and senior officials of the government.

For Sterlite, which claims it has adhered to every rule in the book, and blames its current woes to vested interests, things turned for the worse when protests in Thoothukudi turned violent last week, resulting in the death of 15 people after police opened fire. It was hoping for quick relief from the TNPCB's Appellate Authority, to which it had appealed against the State pollution body's decision to withhold the 'consent to operate'. It is not clear if that appeal has any merit now.

Sterlite might also consider the legal route. In a recent interview, P Ramnath, CEO, Sterlite Copper, told *BusinessLine*: "We are ready to go up to the Supreme Court as was done in the past, and fight it out till the last."

# Binani Cement Lenders Vote in Favour of UltraTech Bid

Payment will be made 8 days after court nod; lenders to get ₹6,851cr against ₹6313-cr claim

Sangita.Mehta  
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## Race for Binani

Payment Offer Made By Two Bidders (₹ Cr)

Items	Dalmia Bharat	UltraTech
Secured lenders	4,042	4,042
Unsecured lenders	2,224	2,427
Interest during moratorium	Nil	350
Payments to employees & operational creditors	316	749
<b>TOTAL</b>	<b>6582</b>	<b>7600</b>



**Mumbai:** UltraTech appears to have won the race for Binani Cement after lenders, in a marathon, seven-hour meeting on Monday decided to sell the bankrupt cement maker to the country's biggest cement producer. Aditya Birla heavyweight UltraTech has, however, stipulated a condition. Its offer of ₹7,600 crore is conditional upon its proposal receiving approval from the courts and is signifi-

cant given that rival Dalmia Bharat consortium's appeal against eligibility of UltraTech is pending before the Supreme Court and is likely to be heard next week.

Lenders, led by Bank of Baroda, unanimously agreed on Monday to choose UltraTech over the Dalmia Bharat consortium which did not revise its initial offer of ₹6,582 crore. UltraTech had offered to pay ₹7,600 crore to lenders and infuse

₹300 crore as working capital into Binani Cement.

The decision, a major victory for UltraTech, will enable lenders to recover their full dues and also earn loan interest for the period the company was in bankruptcy court. This, of course, is conditional upon the court approving the UltraTech offer. Lenders had made a claim of ₹6,313 crore against which they would receive ₹6,851 crore.

## ELECTROSTEEL STEELS SALE STATUS QUO

# Vedanta requests NCLAT to lift stay

ENS ECONOMIC BUREAU  
NEW DELHI, MAY 28

ANILAGARWAL-LED Vedanta on Monday requested the National Company Law Appellate Tribunal (NCLAT) to vacate its May 1 order that said status quo be maintained with regard to the implementation of resolution plan for the debt-ridden Electrosteel Steels till further orders.

Advocate C A Sundaram, appearing on behalf of Vedanta, said that the status quo was costing around Rs 1.9 crore daily to the lenders involved. He also said that the stay order was causing delay in getting various clearances required to complete the process.

The two-member NCLAT bench, led by its chairman justice S J Mukhopadhaya, was

hearing a plea moved by Renaissance Steel (RSIPL) challenging National Company Law Tribunal's April 17 order that quashed its objections on Vedanta's eligibility under section 29 A of the IBC and approved Vedanta's offer.

The appellate tribunal did not consider Vedanta's appeal, but agreed on hearing the matter on a daily basis from here on. NCLAT had on May 17 admitted RSIPL's petition challenging Vedanta's eligibility.

RSIPL had earlier submitted that one of Vedanta's affiliates in Zambia — a unit of its UK-based parent Vedanta Resources — had been found guilty of criminal misconduct punishable with two or more years in jail. The resolution application of RSIPL was rejected by lenders to Electrosteel. FE

## Sterlite Copper told to shut shop in T.N.

Asked what the State government would do if Sterlite legally challenged the closure, Mr. Palaniswami replied that he did not want to answer any hypothetical question.

In Thoothukudi, Collector Sandeep Nanduri, who supervised the sealing operations, said, "The plant is permanently sealed. There is no more confusion. I request the people of Thoothukudi to cooperate with the district administration to bring normalcy back in the district."

In a statement, the Vedanta Group said, "Closure of Sterlite Copper plant is an unfortunate development,

especially since we have operated the plant for over 22 years in a most transparent and sustainable way, contributing to the Tuticorin (Thoothukudi) and State's socio-economic development. We will study the order and decide on the future course of action."

### Timing questioned

Opposition party leaders, while welcoming the government's decision, questioned its timing.

Dravida Munnetra Kazhagam working president M.K. Stalin called it an "eye-wash", while many hailed it as a victory for the collective power of the people.

## NMDC standalone net leaps 116% in Q4

### OUR BUREAU

Hyderabad, May 28

NMDC Ltd has achieved a net profit of ₹1105.85 crore for the fourth quarter ended March 31, 2018, against a profit of ₹511.88 crore for the corresponding quarter, with net more than doubling at 116 per cent, on a standalone basis.

The iron ore mining major registered total income of ₹4053.16 crore for the quarter, up 35 per cent, against ₹3006.25 crore for the corresponding quarter in the previous fiscal.

The miner achieved a profit of ₹3805.88 crore and total in-

come of ₹12,134.64 crore for the financial year ended March 2018 against a profit of ₹2,589 crore and total income of ₹9738.45 crore for the previous fiscal.

On a consolidated basis, the company posted a profit of ₹3808.46 crore and total income of ₹12,138.13 crore against a profit of ₹2543.86 crore and total income of ₹9739.81 crore for the previous fiscal.

The company achieved total production of 35.5 mt during FY2018 against 34 mt in FY2017, resulting in 5 per cent higher production.

THE ECONOMIC TIMES  
DATE: 29/5/2018 P.N. 10

## Vedanta may Correct 6% This Series

Ram.Sahgal@timesgroup.com

**Mumbai:** The Vedanta stock, which has been under pressure since the past month, could potentially decline 6% to ₹237-238 after news emerged post market closure Monday of the government shuttering its copper smelter in Tuticorin, near month derivatives data indicates. If this support breaks, the stock could have a shy at 230 levels.

Vedanta options expiring May 31 show that put sellers have sold maximum contracts – 918 (1,750 shares equal one contract) — at the 240 strike. Bloomberg data shows the volume weighted average price for this put since May 1 is ₹2.54. This means that put sellers' breakeven below which they begin to face losses is ₹237.46.

"Below ₹237-238, put sellers could either begin buying back their puts or shorting the futures which could see the stock possibly correct towards ₹230 in this series," said Hemant Nahata, derivatives analyst, IIFL Wealth.

Agrees Chandan Taparia, technical analyst at Motilal Oswal Securities. "So far, we have seen selling of far more call options than puts this series, which indicates traders were not anticipating much upside in the stock. However, now the probability of short covering of puts or shorting of Vedanta futures increases so the correction could potentially intensify."

The Vedanta share has corrected almost 19% since April 19 to date. In the current series the put call ratio is 0.42, implying that for every 100 calls sold, traders have sold just 42 puts.

## NIC Sets Up Cloud-Enabled Data Centre in Bhubaneswar

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**Bhubaneswar:** The technology backbone of the government—the National Informatics Center (NIC)—has set up a data centre in Bhubaneswar to address the increased load from various new digital projects. NIC has existing data centres in New Delhi, Hyderabad and Pune, which have already reached 75-80% of their capacity. The government has invested close to ₹200 crore in the data centre, which is completely "cloud-enabled".

The server will cater to demand not just from the national projects but also from the state governments. It is also being looked as a disaster recovery zone for projects which are run out of centres in Delhi, Pune and Hyderabad since it will be in a different seismic zone.

"This data centre in Bhubaneswar is of global standards," Union minister for electronics and IT Ravi Shankar Prasad said unveiling the data centre that will host new as well as existing applications of central and state governments.



Emphasising the significance of the new national data centre, Prasad added that in the IT ecosystem, data centre adds to the digital clout of a state or location and raises its global profile.

"Data centre is important because data sanctity is important," he said.

NIC director general Neta Verma said that since the last two to three years, the launch of new government projects such as MyGov, goods and services tax's e-way bill, direct benefits transfer, among others, has increased the demand for compute, storage and networking. "There is a need now for systems to be always on."

Almost 10,000 government websites—which is 90% of all official portals—are hosted on NIC currently.

Last month, several government websites including that of the ministry of defence suspected to be hacked when they all faced downtime.

But it was later clarified that the incident happened due to a technical issue at NIC servers. NIC, which currently has 4,500 people, is also planning to hire another 800 across various levels of the organisation with 350 dedicated specifically to cybersecurity.

All marquee programmes along with others such as e-courts, which run across 16,000 courts in India, e-hospitals, scholarship portal, etc. are hosted by NIC.

"Results of all schools of state boards as well as CBSE are also hosted on NIC servers. Admission to most engineering and medical colleges; large recruitment etc. are all happening online, which is putting a lot of load on the existing infrastructure." She added that the new system of applying for driving licenses and vehicle registrations are also driven usage of the systems.

# Are these synthetic diamonds forever?

## De Beers to make synthetic jewellery

NEW YORK TIMES

Oxfordshire, England, May 29

In a white industrial building in the rolling hills of the English countryside 25 km from Oxford, silver machines shaped like space-ships hum inside vast laboratories. They are replicating the extreme pressure and temperatures found deep in the earth's crust and producing, in mere weeks, what historically nature managed only over billions of years: flawless diamonds.

This is the Element Six Innovation Center, the industrial arm of De Beers, the diamond behemoth that has operated mines from the Arctic to South Africa, that created (and for most of the 20th century controlled) the global diamond market, that convinced the world "a diamond is forever" and that made diamonds syn-



Through its aggressive pricing and pointed marketing, De Beers aims to be a dominant player in the growing market simultaneously protecting its core business GETTY IMAGES/ISTOCKPHOTO

onymous with engagement rings.

### New territory

Focussed for decades on things as diverse as tools for oil and gas drillers, high-powered lasers and state-of-the-art speaker systems, the De Beers scientists at Element Six have moved into

new territory in recent months as the company sets its sights on a lucrative market it traditionally shunned: the production of synthetic jewelry stones.

On Tuesday, De Beers will introduce Lightbox, a fashion jewelry label selling (relatively) low-budget gems with mass-market appeal.

Pastel pink, white and baby-blue lab-grown studs and pendants, priced from \$200 for a quarter carat to \$800 for 1 carat, will be presented in candy-coloured cardboard gift boxes and initially sold directly to consumers via e-commerce.

Although diamonds made by companies like Diamond Foundry in the United States and New Diamond Technology of Russia usually cost 30 to 40 per cent less than their natural counterparts, they are nowhere near as cheap as the ones from Lightbox, which will undercut its competitors by roughly 25 per cent.

Through its aggressive pricing and pointed marketing, De Beers clearly aims to be a dominant player in this growing market, while simultaneously protecting its core business.

"The big miners have held concerns about the growth of the synthetic diamond jewelry market for some

time, particularly over the last decade, as the quality of stones has improved and manufacturing costs have started to fall," said Paul Zimmisky, an independent diamond industry analyst and consultant.

De Beers, which controls about 30 per cent of the world's supply of mined stones (down from two-thirds in 1998) and owns the fine jewelry brands De Beers and Forevermark, said it was just responding to consumer demand.

"Having done our research, we see a massive opportunity to enter into the fashion jewelry market now by doing something that consumers tell us that they want but that no one else has done yet: synthetic stones in new and fun colors, with lots of sparkle and at a far more accessible price point than existing lab-grown diamond offerings," Bruce Cleaver, Chief Executive, said.

# Sterlite closure may skew copper supply-demand dynamics

Other players may not be able to bridge the gap soon

SATYA SONTANAM

BL Research Bureau

The shutting down of Sterlite's copper plant, which is producing about 45 per cent of the country's copper output, changes the demand-supply dynamics in the domestic copper market that could escalate the metal's domestic prices.

It makes India a net importer of copper from being net exporter currently.

However, for Vedanta's investors, there will only be a marginal impact as the copper segment of the company contributes only about 5 per cent to the group's operating profit.

## India self-sufficient so far

As per the annual report of the Ministry of Mines for FY 2017-18, the key copper players in the Indian market have an installed capacity of around 9.5 lakh tonnes (Hindalco - 5 lakh tonnes, Sterlite Copper - 4 lakh tonnes and Hindustan Copper - 0.9 tonnes).

During FY 2016-17, refined



A view of Sterlite's copper plant

copper usage (including for cathode and wire rod) is around 6.65 lakh tonnes.

India has been self-sufficient in refined copper production and has emerged as a net exporter of refined copper so far.

But with the closure of Sterlite Copper - which has nearly 35 per cent market share in the country and caters significantly to customers in cable manufacturers, winding wire units and transformer manufacturers - India will become a net importer of refined copper from being a net exporter so far.

Commenting on this development, Jayantha Roy, Senior Vice-President, ICRA India, said: "The large deficit that will be created in the Indian market is permanent and will change the domestic de-

mand-supply situation abruptly." With the closure of Sterlite Copper, India will become a net importer of refined copper from being a net exporter so far.

mand-supply situation abruptly."

With consuming industries growing continuously, the demand is expected to grow by 6-7 per cent annually. Jayanta added, "it is not possible for the other two existing players to increase their output in the short to medium term to bridge the anticipated shortage in the domestic market".

## Surge in domestic prices

The closure which will reduce India's copper output by nearly 50 per cent and will have an adverse impact on the pricing as well.

The domestic prices, which move in tandem with the LME copper prices, will shoot up in the short-term, as the premium on the landed costs is expected to increase due to the supply deficit within the country.

Jayanta says, "Based on the current LME price, copper premium and exchange rate, the landed cost of refined

copper cathode in India would stand at around ₹500/kg.

While domestic base metal prices including copper prices are determined on an import parity basis, the sudden change in the demand-supply equation can lead to an increase in the domestic spot prices."

## Limited impact on Vedanta

Sterlite Copper plant of Vedanta derives its revenue from selling of copper cathode, copper rod, anode slime, including from purchased concentrate, sulphuric acid and phosphoric acid. Though the closure creates a disruption in the copper market in the country, the impact on the parent company, Vedanta is expected to be marginal, as the copper segment accounts for only 4-5 per cent to the group's operating profit.

However, the investment in expanding the installed capacity at Thoothukudi plant could go in vain.

The company waited for clearance from the government to increase its installed capacity to 8 lakh tonnes, for which it planned a capex of around \$717 million. The company has already spent \$189 million up to March 2018.

# India to face copper supply shock on Sterlite shutdown

■ The shutting down of the 4,00,000 tonnes a year copper smelter in Tuticorin will reduce India's copper output by about half, forcing imports

NEW DELHI, May 29 (PTI)

INDIA may face copper supply disruptions following the Tamil Nadu Government's decision to shut down Vedanta Sterlite's copper plant at Tuticorin, a closure that would force the industry to spend USD 2 billion in imports, a senior company official said.

The shutting down of the 4,00,000 tonnes a year copper smelter in Tuticorin will reduce India's copper production by about half, forcing imports.

"The sudden and arbitrary decision of Tamil Nadu Government to close down our copper smelter in Tuticorin will have far-reaching ramifications for the economy of not only the town and its adjoining villages but also the country," said Vedanta Sterlite Copper CEO, P Ramnath.

The closure followed the death of 13 people in police firing on locals protesting against alleged pollution by the plant.

"While an estimated 30,000 direct and indirect jobs are now on the line, a large number of small to medium enterprises that are dependent on our smelter for copper are also likely to suffer due to supply disruptions," he said.

Vedanta produced about 48 per cent of India's total copper output of 8,42,961 tonnes in 2017-18. "Since Vedanta Sterlite is one

of the largest copper producers in the country, manufacturers in sectors ranging from electrical to defence will have to turn to imports and that will push up the nation's annual import bill by an estimated USD 2 billion based on the current price," he said.

Earlier in the day, Vedanta in a regulatory filing said it is "studying" the order of the Tamil Nadu Govt directing the Tamil Nadu Pollution Control Board (TNPCB) to seal and permanently close company's Copper Smelter Plant 1. "State Industries Promotion Corporation of Tamil Nadu Ltd vide its letter dated May 29, 2018, has informed it regarding cancellation of 342.22 acres of land allotted to it for proposed expansion of 'Copper Smelter Plant 2 Project' at Thoothukkudi District, Tamil Nadu."

# Cement output grows 6.3% to 298 MT in FY18: Icra

NEW DELHI, May 30 (PTI)

BUOYED by improving demand, domestic cement output grew 6.3 per cent to 298 million tonnes (MT) in 2017-18, according to credit rating firm Icra.

It also said that going by the prevalent trend, the growth momentum is expected to continue in the current financial year and the industry is likely to report a growth of 6 per cent.

"In 2017-2018, cement production registered a growth of 6.3 per cent at 298 MT, as compared to 280 MT in 2016-2017, with the bulk of growth reported during the second half of FY'18," Icra said in a report.

"This was largely because of better demand in the key markets and the base effect of the



demonetisation-driven low demand during the corresponding period of last year," it added.

Senior Vice-President & Group Head, Icra Ratings, Sabyasachi Majumdar said: "We expect the cement demand to show a growth of around 6 per cent in FY 2018-2019. This is primarily driven by a pick-up in the affordable and rural housing segments and infrastructure – primarily road and

irrigation projects. "The budget of FY'19 also provides support in this direction with higher rural credit, increased allocation for rural, agricultural and allied sectors along with continued focus on the PMAY and infrastructure investments." He further said the cement production increased by 10.6 per cent and 18.2 per cent respectively in the third and fourth quarter of 2017-18.

# Surging costs expected to keep cement companies' profits under pressure in FY19

OUR BUREAU

Mumbai, May 30

Despite an increase in demand, the profitability of cement companies will come under pressure due to an escalation in production costs.

The growth momentum in cement production is expected to continue this fiscal and the industry is likely to report a growth of 6 per cent to 316 million tonnes (mt).

The output in FY18 was up 6.3 per cent at 298 mt, against 280 mt in FY17.

The bulk of production growth was reported in the second half of FY18, largely due to lower base effect.

Sabyasachi Majumdar,



**Growth in cement production is expected to be driven by a pick-up in the affordable and rural housing segments as well as infrastructure.**

Senior Vice-President, ICRA, said growth in cement production is expected to be driven by a pick-up in the affordable and

rural housing segments as well as infrastructure (primarily road and irrigation projects).

Budget 2019 has provided for higher rural credit, increased MSP, more allocation for rural, agricultural and allied sectors along with continued focus on Pradhan Mantri Awas Yojana and infrastructure investments, he added.

Cement production increased by 10.6 per cent and 18.2 per cent respectively in the December and March quarters of last fiscal. Production was in the range of 26-27 mt between December 2017 and February 2018 and increased to 28.5 mt in March.

Rising demand resulted in

an increase in cement prices in the Ahmedabad and Hyderabad markets respectively by ₹20 a 50 kg bag and ₹10 a bag in April. However, rising supplies resulted in prices remaining range-bound in the Kolkata market.

Higher power and fuel (increase in coal and pet coke prices) and freight costs (increase in diesel prices) will put pressure on the profitability margins and debt metrics of the cement companies.

Hence, the ability of the industry players to secure increases in cement prices remains critical from the profitability perspective, said Majumdar.

## NMDC, CSIR in research pact for dry beneficiation of low-grade iron ore

OUR BUREAU

Hyderabad, May 30

Iron ore mining major NMDC has signed a research agreement with Commonwealth Scientific and Industrial Research Organisation (CSIR) Australia for research collaboration in the field of complex iron ore processing by energy efficient dry processing techniques.

The agreement was signed by Narendra Kumar Nanda, Director (Technical), on behalf of NMDC, and Keith Vining, Group Leader, on behalf of CSIR in the presence of N Baijendra Kumar, CMD, NMDC, according to a statement.

A one-day workshop on "Processing of complex

goethitic iron ores" was organised jointly by NMDC and CSIR Australia at NMDC R&D Centre here. The workshop covered various technical aspects ranging from iron ore characterisation, geometalurgy, beneficiation and agglomeration processes.

The speakers from CSIR Australia delivered technical talks on latest technologies in iron ore exploration to processing, including inputs on processing of hydrated iron ore-like goethite.

About 60 delegates from various organisations, including NMDC, JSW, SAIL, MECON, BARC and IIT-Hyderabad attended the workshop organised during the diamond jubilee year of NMDC.

## NMDC का शानदार प्रदर्शन

नवभारत समाचार सेवा

हैदराबाद. एनएमडीसी का वर्ष 2017-18 के दौरान शानदार प्रदर्शन रहा. कम्पनी का लौह अयस्क उत्पादन चौथी तिमाही में 11.35 मिलियन टन है, जो कि पिछले वर्ष की इसी अवधि पर 9 प्रश्न की वृद्धि दर्शाता है. जबकि लौह अयस्क की बिक्री



10.54 एमटी रही जो गत वर्ष की अवधि से लगभग 8 प्रश्न अधिक है. एनएमडीसी का कारोबार चौथी तिमाही में 3,883 करोड़ रुपये रहा, जो गत वर्ष की इसी अवधि के मुकाबले 35 प्रश्न अधिक है. एनएमडीसी ने रुपये 1,992 करोड़ का कर पूर्व लाभ दर्ज किया तथा 1106 करोड़ का कर पश्चात लाभ दर्ज किया. यह गत वर्ष की इसी अवधि की चौथी तिमाही से क्रमशः लगभग 61 प्रश्न तथा 116 की वृद्धि को दर्शाता है. एनएमडीसी ने वर्ष 2017-18 के दौरान पिछले वर्ष 2016-17 की इसी अवधि के मुकाबले उत्पादन में 5 प्रश्न तथा बिक्री में 1 प्रश्न की वृद्धि दर्ज की है.

■ कम्पनी ने वर्ष 2017-18 के दौरान 35.58 मिलियन टन का उत्पादन तथा 36.07 मिलियन टन लौह अयस्क की बिक्री की है. वहीं गत वर्ष की इसी अवधि के दौरान उत्पादन 34.01 मिलियन टन तथा बिक्री 35.62 मिलियन टन थी. कम्पनी ने कुल 11,615 करोड़ का कारोबार किया है, जो गत वर्ष की अवधि की तुलना में 32 प्रश्न अधिक है. 6179 करोड़ रुपये कर पूर्व लाभ (पीबीटी) तथा 3,806 करोड़ कर पश्चात लाभ (पीएटी) दर्ज किया है, जो गत वर्ष की इसी अवधि की तुलना में क्रमशः 44 प्रश्न तथा 47 प्रश्न अधिक है. वर्ष 2017-18 की चौथी तिमाही के परिणाम आईएस एन.बैजेन्द्र कुमार की अध्यक्षता में कम्पनी के निदेशक मंडल की बैठक में अनुमोदित किये गये.