खनिज समाचार

KHANIJ SAMACHAR

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KHANIJ SAMACHAR

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VOL. 2, NO-11, 1st – 15th JUNE, 2018

BUSINESS LINE DATE : 1/6/2018 P.N.13

EU steel makers brace for impact of US tariffs

EU announces plans for retaliation

VIDYA RAM

London, May 31

European steel makers are bracing themselves for the full force of US steel and aluminium tariffs — and a potential trade war — as a deal on exemptions for the EU, Canada and Mexico fell through ahead of a Thursday midnight deadline.

The EU has expressed its strong disappointment and announced plans for retaliatory measures.

The US was set to decide on whether to impose tariffs or grant exemptions to steel makers in Europe, Canada and Mexico by June 1, after the decision was postponed in April. The US represents a major market for EU steel producers. For Tata Steel Europe, the US accounts for 10 per cent of sales.

On Thursday, US Commerce Secretary Wilbur Ross announced the exemptions will be allowed to lapse, meaning EU steel makers exporting to the US would be faced with tariffs of 25 per cent, and aluminium producers 10 per cent.

"The EU believes these unilateral US tariffs are unjustified and at odds with World Trade Organisation rules. This is protectionism, pure and simple," European Commission President Jean Claude Juncker said on Thursday.

"The US now leaves us with no choice but to proceed with a WTO dispute settlement case and with the imposition of additional duties on a number of imports from the US. We will defend the Union's interests, in full compliance with international trade law."

"This is not the way we do business, and certainly not between long-standing partners, friends and allies...the EU's response will be in accordance with WTO rules."

CECILIA MALMSTROM
EU Commissioner for Trade

Protracted crisis

The US tariffs are expected to be particularly injurious to the European steel sector, only just recovering from a protracted crisis. Alongside the loss of high quality, value-added steel sales into the lucrative US market, the tariffs are also likely to result in part of an estimated 20 million tonnes of steel — which would have otherwise gone to the US — flooding markets elsewhere. "The steel that doesn't go to the US has to go somewhere, and it won't just happen equally around the world," Gareth Stace, Director of UK Steel, told this paper ahead of the anticipated announcement. "Much of it will come to the EU because we are still very open and a liberalised trading block."

"With some half billion dollars of steel exported from the UK to US last year, UK steel producers are going to be hit hard. This is a bad day for the steel sector, for international relations and for free trade," he added following the US announcement.

"Throughout these talks, the US has sought to use the threat of trade restrictions as leverage to obtain concessions from the EU," said the EU Commissioner for Trade, Cecilia Malmstrom. "This is not the way we do business, and certainly not between long-standing partners, friends and allies. Now that we have clarity, the EU's response will be proportionate and in accordance with WTO rules."

Mexico hits back with fresh tariffs

ASSOCIATED PRESS

May 31

Mexico announced sweeping retaliatory tariffs on a host of US goods on Thursday after the US slapped steep tariffs on steel and aluminium from Mexico, Canada and the EU.

The Mexican economy ministry announced equivalent tariffs on goods ranging from steel to lamps to apples, "up to an amount matching the level of impact" from the US tariffs.

"Mexico deeply deplores and condemns the decision by the US to impose these tariffs," it said.

BUSINESS LINE DATE : 1/6/2018 P.N.16

Comex gold: Prospects brighten, big picture supportive, bullish

GNANASEKAAR T

Comex gold futures, rose on Thursday, as the dollar eased from 6-month highs hit earlier this week, with prices further supported by concerns over U.S.-China trade.

Comex gold futures have been consolidating from recent lows. The overall picture still hints at bullishness ahead, while crucial supports hold at $1,278 levels. As we have been maintaining for a while, the medium-term picture still holds some promise, therefore caution should be exercised on getting excessively bearish too. From the bottom at $1,045 in December 2015, prices have been making highs so far in 2017, a clear sign of a rising trend, which has made us believe the bigger picture to be supportive despite strong corrective declines from time to time. A positive trigger for the medium-term in sustaining the uptrend is likely to be above a close of $1,375 levels. In the coming week we expect prices to gradually edge higher and break out of the $1,290-1,310 levels and move higher towards $1,325 levels subsequently and failure to cross here could drag prices lower again to $1,278 which is not our favoured view. Our favoured view expects prices to edge higher to $1,325 levels. Only a close above $1,335 could revive hopes for a retest of $1,365 or even higher.

We will take a look at the wave counts now and understand the possible scenarios that can unfold going forward. It is most likely that the fall from the all-time highs at $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 $1,025-1,030 levels or a complete correction of A-B-C ending with this decline. Subsequently, to this decline, 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 $1,450-1,475 in the form of wave "B". We will re asses around $1,450-1,470 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, Buy Comex gold on dips to $1,290-1,295 with stop loss at $1,278 targeting $1,325 followed by $1,355.

Supports are at $1,285, $1,278 and $ 1,260 and resistance at $1,310, 1,325 and 1,365.

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

THE HINDU DATE: 1/6/2018 P.N.13

Tata, EU steel firms brace for tariff war

Tata Steel Europe and other manufacturers of the alloy will face 25% tariff on their exports to the U.S.

VIDYA RAM
LONDON

European steel makers are bracing themselves for the full force of U.S. steel and aluminium tariffs – and a potential trade war – as a deal on exemptions for the EU, Canada and Mexico fell through ahead of a Thursday midnight deadline. The EU has expressed its strong disappointment and announced plans for retaliatory measures.

On Thursday, U.S. Commerce Secretary Wilbur Ross announced that the exemptions would be allowed to lapse, meaning EU steel makers exporting to the U.S. would face tariffs of 25% and aluminium producers 10%.

The U.S. represents a major market for EU steel producers. For Tata Steel Europe, the U.S. accounts for 10% of its sales. "The EU believes these unilateral U.S. tariffs are unjustified and at odds with World Trade Organisation rules," Jean-Claude Juncker, President, European Commission, said on Thursday.

"This is protectionism, pure and simple," he added.

"The U.S. now leaves us with no choice but to proceed with a WTO dispute settlement case and with the imposition of additional duties on a number of imports from the U.S.

"We will defend the Union's interests, in full compliance with international trade law."

Steel wars: The EU will now proceed with a WTO dispute settlement case, says Jean-Claude Juncker. ▪ AP

The U.S. tariffs are expected to be particularly injurious to the European steel sector, only just recovering from a protracted crisis.

Flooding other markets

Alongside the loss of high quality, value-added steel sales into the lucrative U.S. market, the tariffs are also likely to result in part of an estimated 20 million tonnes of steel – which would have otherwise gone to the U.S. – flooding markets elsewhere.

Tata Steel Europe urged the EU Commission to "take swift and robust action to combat the indirect effects" of the tariffs.

"We must ensure our markets are not destabilised by millions of tonnes of steel being diverted away from the U.S. and into Europe," Henrik Adam, chief commercial officer of Tata Steel in Europe, said in a statement.

"The steel that doesn't go to the U.S. has to go somewhere, and it won't just happen equally around the world," Gareth Stace, director of UK Steel, said. "Much of it will come to the EU because we are still very open and a liberalised trading block."

"With some half billion dollars of steel exported from the U.K. to U.S. last year, U.K. steel producers are going to be hit hard," he added.

"Throughout these talks, the U.S. has sought to use the threat of trade restrictions as leverage to obtain concessions from the EU," said Cecilia Malmstrom, EU Commissioner for Trade.

THE ECONOMIC TIMES DATE: 1/6/2018 P.N.8

SAIL Posts ₹816-crore Profit in March Quarter

Our Bureau

Kolkata: Steel Authority of India (SAIL) posted a net profit of ₹816 crore in the fourth quarter of FY18 against a loss of ₹771 crore in the same period last year. For the full year of FY18, SAIL remained in the red though it managed to hammer down its consolidated net loss to ₹281 crore from a loss of ₹2,756 in FY17.

The state-run steel major said a net profit of ₹816 crore in the March quarter of FY18 came after a provision of ₹582 crore towards enhanced gratuity recently approved by the government. It also said all the five integrated steel plants of the company recorded individual profits in the fourth quarter of FY18.

Net turnover rose 34% in the said quarter to ₹16,811 crore from a year ago. SAIL reported earnings before interest tax depreciation and amortisation (EBITDA) at ₹2,624 crore in the quarter. The EBITDA per tonne of sales was ₹7,020.

SAIL's total sales volume in Q4FY18 was 3.738 million tonne, an increase of 8.4% over the last corresponding quarter. For FY18, it posted its highest sales volume at 14.08 mt, which is higher by 7.4% last year.

On a standalone basis, SAIL narrowed net loss to ₹482 crore in FY18 from ₹2,833 crore in FY17. The company said a persistent approach to improve operational profitability helped keep EBIDTA positive in FY18 at ₹5,184 crore.

THE ECONOMIC TIMES DATE: 1/6/2018 P.N.15

US Hits EU, Canada and Mexico with Steel and Aluminium Tariffs

Jason Lange & Ingrid Melander

Washington | Paris: Washington will impose tariffs on steel and aluminum imports from the European Union, Canada and Mexico from midnight on Thursday, ending months of uncertainty over potential exemptions and sharply escalating the risk of a trade war.

US commerce secretary Wilbur Ross told reporters in a telephone briefing that Washington would proceed with plans for a 25% tariff on steel and a 10% tariff on aluminum imports, although he said the door was still open for negotiations without specifying what measures could be taken.

"We look forward to continued negotiations, both with Canada and Mexico on the one hand, and with the European Commission on the other hand, because there are other issues that we also need to get resolved," Ross said.

The tariffs, which have prompted several challenges at the WTO, are aimed at allowing the US steel and aluminum industries to increase their capacity utilisation rates above 80% for the first time in years.

French finance minister Bruno Le Maire and US secretary of commerce Wilbur Ross in Paris on Thursday–AP

Worries about a US trade war with the European Union weighed on Wall Street stocks at the open, but shares of US steel and aluminum makers were up strongly.

President Donald Trump's administration has threatened to impose tariffs on car imports, is engaged in negotiations with China to reduce America's yawning trade deficit and has said it will punish Beijing for stealing its technology by imposing tariffs on $50 billion of imports from China.

Ross himself heads to Beijing on Friday where he will attempt to get firm deals to export more US goods in a bid to cut America's $375-billion trade deficit with China.

After months in which it appeared the Trump administration had been backing away from tariffs amid infighting between the president's top economic advisers, Washington has over the past week ramped up its threats on trade.

German magazine Wirtschaftswoche reported on Thursday that Trump had told French President Emmanuel Macron he wanted to stick to his trade policy long enough that Mercedes-Benz cars were no longer cruising through New York. Share prices of BMW, Daimler and Volkswagen fell. **Reuters**

Unfriendly Ties

- With the tariffs, US risks trade war with its allies
- Both sides say the other responsible for any escalation
- Europe threatens retaliation
- Trump's reported comment on German cars hits shares

THE HINDU DATE: 1/6/2018 P.N.13

Copper plant closure won't hit Vedanta's cash flows: S&P

'Smelting provided only about 5% of gross annual EBITDA'

PRESS TRUST OF INDIA
NEW DELHI

The closure of Vedanta Resources Plc.'s Indian copper smelter is marginally negative for the company and will not materially affect its cash flows, S&P Global Ratings said on Thursday.

The Tamil Nadu government, this week, ordered the State Pollution Control Board to seal and "permanently" close the Vedanta group's copper plant in Thoothukudi following last week's violent protests over pollution concerns during which 13 people were killed in police firing.

"The cash flows from Vedanta's Indian copper smelting operations were marginal compared with gross cash flows, but they provided cash flow diversity," S&P credit analyst Vishal Kulkarni said in a statement.

At the same time, the company faces a number of operational headwinds in India, including domestic coal supply constraints and potentially higher taxes on crude oil producers. These issues could test Vedanta's cash flow targets, if realised, S&P added. "Despite such headwinds, we expect the company's financial ratios will continue to improve."

'Lengthy legal process'

S&P further said that while the company could pursue legal proceedings to restart existing smelter operations, this would likely be a lengthy process.

"We don't expect the closure to be materially negative for Vedanta's cash flows because the smelting operations provided only about 5% (roughly $200 million-$225 million) of Vedanta's gross annual EBITDA," S&P said in the statement.

BUSINESS LINE DATE: 1/6/2018 P.N.17

Nalco ready to invest in AP: CMD

CH RS SARMA
Visakhapatnam, May 31

The public sector National Aluminium Company Ltd (Nalco) has drawn up ambitious expansion plans in Odisha and is ready to invest in other States, including Andhra Pradesh, which has bauxite reserves, according to Chairman and Managing Director Tapan Kumar Chand.

On a visit to the Nalco facility at the port here, Chand said 2017-18 was a special year for the company, with the net profit doubling to ₹1,342 crore from ₹669 crore, on the highest-ever turnover of ₹9,377 crore. Export earnings during the year amounted to ₹4,076 crore. The company was adjudged the lowest cost producer of alumina globally.

Ongoing projects

Chand said several projects were under execution in Odisha including the 1 MTPA alumina refinery brownfield project at the existing alumina refinery at Damanjodi, entailing an investment of ₹5,540 crore, development of the Pottangi bauxite mines at Koraput, and the Utkal coal mines at Angul at a cost of ₹534 crore.

Tapan Kumar Chand, Chairman and Managing Director, Nalco

The Angul aluminium park with downstream and ancillary units was being developed at a cost of ₹100 crore.

A 60,000 MTPA alloy wire rod plant is planned at Angul to produce more value-added products. He said Nalco was undertaking projects in other States such as the 2.7 lakh TPA caustic soda plant in a joint venture with Gujarat Alkalies and Chemicals Ltd at Dahej in Gujarat at an estimated cost of nearly ₹2,000 crore and two wind power plants of 25 MW each in Tamil Nadu at an estimated cost of ₹310 crore.

AP proposals

"We wish to invest in Andhra Pradesh as well and have drawn up proposals to set up a greenfield alumina refinery and a captive power plant, with an estimated investment of ₹10,000 crore, if we are granted bauxite mines.

"Bauxite reserves are available in the agency area of Visakhapatnam district adjoining Odisha, and it would be convenient for us to set up the refinery in AP. However, we have to take up the issue with the State government. We shall be doing so shortly," he said.

THE HITAVADA DATE: 1/6/2018

Copper plant closure won't affect Vedanta's cash flow much: S&P

NEW DELHI, May 31 (PTI)

THE closure of Vedanta Resources PLC's Indian copper smelter is marginally negative for the company and will not materially affect its cash flows, S&P Global Ratings said on Thursday.

The Tamil Nadu Government this week ordered the state Pollution Control Board to seal and "permanently" close the Vedanta group's copper plant in Tuticorin following last week's violent protests over pollution concerns during which 13 people were killed in police firing.

"The cash flows from Vedanta's Indian copper smelting operations were marginal compared with gross cash flows, but they provided cash flow diversity," S&P Credit Analyst Vishal Kulkarni said in a statement. At the same time, S&P said, the diversified natural resources company faces a number of operational headwinds in India, including domestic coal-supply constraints and potentially higher taxes on crude oil producers. These issues could test Vedanta's cash flow targets, if realised, it added.

However, it said, "Despite such headwinds, we expect the company's financial ratios will continue to improve." On the copper smelter in southern India, S&P further said that while the company could pursue legal proceedings to restart existing smelter operations, this would likely be a lengthy process. "We don't expect the closure to be materially negative for Vedanta's cash flows because smelting operations provided only about 5 per cent (roughly USD 200 mn-USD 225 mn) of Vedanta's gross annual EBITDA," the statement said.

THE HINDU DATE: 1/6/2018 P.N.12

U.S. imposes tariffs on metal imports from EU

REUTERS
WASHINGTON

Washington will impose tariffs on steel and aluminium imports from the European Union, Canada and Mexico from midnight on Thursday, ending months of uncertainty over potential exemptions and sharply escalating the risk of a trade war.

U.S. Commerce Secretary Wilbur Ross told reporters in a telephone briefing that Washington would proceed with plans for a 25% tariff on steel and a 10% tariff on aluminium imports, although he said the door was still open for negotiations without specifying what measures could be taken.

The tariffs, which have prompted several challenges at the WTO, are aimed at allowing the U.S. steel and aluminium industries to increase their capacity utilisation rates above 80% for the first time in years.

Trump's threats

President Donald Trump's administration has threatened to impose tariffs on car imports, is engaged in negotiations with China to reduce trade deficit and has said it will punish Beijing for stealing its technology by imposing tariffs on $50 billion. French Finance Minister Bruno Le Maire had met with Mr. Ross on Thursday in a bid to end the stand-off over steel and aluminium.

Moody's see No Immediate Impact of Plant Closure on Vedanta's Ratings

Thoothukudi shutdown to reduce co's scale and business diversity

Our Bureau

Kolkata: The permanent closure of Vedanta's Thoothukudi copper smelter will reduce the company's scale and business diversity, adding pressure to its other businesses to maintain their strong performance and make up for decline in revenue, global ratings agency Moody's Investors Service said.

However, Moody's said it expects Vedanta's other businesses — zinc, aluminium and oil & gas — to deliver a solid performance in the fiscal year ending March 2019, boosted by strong commodity prices and higher production volumes. While shutdown of the smelter is "marginally credit negative," it will have no immediate impact on Vedanta's ratings, the agency added in its latest report on Friday.

On 29 May, Vedanta Resources Pannounced that it received an order from the government of Tamil Nadu to close the company's copper smelter plant in Thoothukudi with immediate effect. The project faced protests from the local population, which opposed the smelter's expansion because of environmental concerns.

"We expect the company's scale, as measured by revenue for fiscal 2018, to decline by 25% to $11.5 billion from $15.4 billion. Vedanta's reported earnings before interest, tax, depreciation and amortisation (EBITDA) will decline by 5% to $3.85 billion from $4.1 billion proforma for fiscal 2018," Moody's said.

Vedanta's copper operations have generated low profitability compared to other business segments since its operational and financial performance depends upon the availability and price of copper concentrates used to produce end products such as copper bars, rods and wires. Vedanta's EBITDA margin, excluding the margin dilutive copper operations in India, was 33% in fiscal 2018 against 26% reported for the consolidated operations including it, the report said.

Moody's added the cancellation of Vedanta's land rights towards the copper expansion is a key concern in view of the company's ability to restart copper smelting operations.

HC Orders Govt to Extend Raj Block Contract for 10 Yrs

Our Bureau

New Delhi: The Delhi High Court has directed the government to extend the contract for Vedanta's prolific Rajasthan oil and gas block for ten years without altering the terms of the original agreement, the resources major has said in a regulatory filing.

Cairn India, now merged into Vedanta, has been engaged for more than two years in a legal tussle with the government over the terms of renewal of the 25-year contract that ends in 2020. The Rajasthan block, controlled by billionaire Anil Agarwal, produces about a quarter of India's crude oil.

"The... Delhi High Court on May 31, 2018 allowed the writ petition filed by Vedanta Limited, directing the government of India to extend the Production Sharing Contract for the Rajasthan Block for a period of 10 years beyond the current contract term, in accordance with Article 2.1 of the Production Sharing Contract on the same terms and conditions," the company said in a filing to the stock exchange.

The court has "also directed the government of India to formally communicate its decision extending the Rajasthan Block Production Sharing Contract within two weeks," the company said.

Oil Ministry officials were not immediately available for comment on the verdict. But an official, citing the contract, had previously said an extension 'may be' allowed only on terms 'mutually agreed' between the company and the government. The contract doesn't allow Vedanta to unilaterally decide the terms and conditions for extension, the official said.

The government has the option to challenge the High Court's order.

NAVBHARAT DATE: 2/6/2018 P.N.9

व्यापार युद्ध पर उतारू दुनिया

ट्रंप ने स्टील और एल्युमिनियम पर बढ़ाई इंपोर्ट ड्यूटी

एजेंसियां

वाशिंगटन. अमेरिकी राष्ट्रपित डोनाल्ड ट्रंप ने स्टील और एल्युमिनियम पर इंपोर्ट ड्यूटी में बढ़ोतरी का ऐलान किया है. मतलब ये कि अमेरिकी कंपनियां अब विदेशों के सस्ते स्टील का फायदा नहीं उठा पाएंगी. ट्रंप ने स्टील पर 25 प्रतिशत और एल्युमिनियम पर 10 प्रतिशत की इंपोर्ट ड्यूटी लगा दी है. ट्रंप के इस कदम की कई अमेरिकी रिपब्लिकन सांसदों समेत यूरोपियन यूनियन, कनाडा और मैक्सिको ने आलोचना की है.

जाहिर है ट्रंप के इस क़दम से प्रभावित देश भी उन्हें 'जैसे को तैसा' सबक सिखाने की तैयारी में हैं और अमेरिका से आयात होने वाले स्लीपिंग बैग्स, बॉल प्वाइंट पैन तक पर ड्यूटी बढ़ाने की सोच रहे हैं. फ्रांस के राष्ट्रपति इमेनुएल मैक्रों ने ट्रंप को फोन किया और कहा कि उनका ये क़दम 'अवैध' है. मैक्रों ने कहा कि यूरोपियन यूनियन बेहद मंजबूती से इसका जवाब देगी.ट्रंप ने भी अपने कदम को सही ठहराने के लिए तर्क दिए हैं. उनका कहना है कि अमेरिकी स्टील और एल्युमिनियम उत्पादक राष्ट्रीय सुरक्षा के लिए अहम हैं और विदेश से मिलने वाली स्टील सप्लाई से अमेरिका को खतरा है.

भारत पर असर

स्टील और एल्युमिनियम पर इंपोर्ट ड्यूटी लगाने से भारतीय कंपनियों को भी घाटा तो होगा, लेकिन चीन और ब्राजील जैसे देशों के मुकाबले ये बहुत कम होगा. अमेरिका को एल्युमिनियम और स्टील के कुल निर्यात में भारत की हिस्सेदारी तकरीबन 3 फीसदी है. भारत का अमेरिका को स्टील निर्यात उतार-चढ़ाव भरा रहा है, लेकिन एल्युमिनियम सेक्टर पर निश्चित तौर पर इसका असर पड़ेगा. पिछले कुछ सालों के दौरान अमेरीका को एल्युमिनियम का निर्यात लगातार बढ़ा है. 2013-14 में एल्युमिनियम का निर्यात 201 मिलियन डॉलर रहा, जो 2014-15 में बढ़ कर 306 मिलियन डॉलर पर पहुंच गया. हालांकि 2015-16 में यह मामूली घट कर 296 मिलियन डॉलर पर रहा और 2016-17 में बढ़ कर 350 मिलियन डॉलर पर पहुंच गया. एल्युमिनियम पर अमरीका के 10 फीसदी आयात शुल्क के ऐलान से निर्यात में भी कमी आएगी.

THE HITAVADA DATE: 3/6/2018 P.N.9

Gold slumps on weak global cues, low demand

NEW DELHI, June 2 (PTI)

GOLD prices dived by Rs 300 to Rs 31,600 per ten grams, extending the slide for the third straight day at the bullion market on Saturday, tracking a weak trend overseas amid fall in demand from local jewellers. Silver also fell further by Rs 100 to Rs 40,500 per kg due to reduced offtake by industrial units and coin makers.

Traders said that sentiment remained downbeat on the back of a weak global trend where gold fell after stronger than forecast US payrolls data boosted expectations that the Federal Reserve might press ahead with another US interest rate hike this month, lifting the dollar.

Globally, gold fell 0.37 per cent to USD 1,293.10 an ounce and silver 0.06 per cent to USD 16.38 an ounce in New York in yesterday's trade. Besides, fading demand from local jewellers and retailers at domestic spot market, too, fuelled the downtrend, they said.

In the National Capital, gold of 99.9 per cent and 99.5 per cent purity slumped further by Rs 300 each to Rs 31,600 and Rs 31,450 per ten grams, respectively. The precious metal had lost Rs 190 in the last two days. Sovereign, however, remained unaltered at Rs 24,800 per piece of eight grams.

Silver ready declined by Rs 100 to Rs 40,500 per kg and weekly-based delivery by Rs 145 to Rs 39,535 per kg. On the other hand, silver coins continued to be traded at the previous level of Rs 76,000 for buying and Rs 77,000 for selling of 100 pieces.

BUSINESS LINE DATE: 4/6/2018 P.N.8

Gold likely to fall further

Inability to breach $1,310 last week leaves the outlook bearish

GURUMURTHY K

As expected, the resistance around $1,310 per ounce capped the upside in gold all through last week. The global spot gold price oscillated in a narrow sideways range below $1,310 for most part of the week. Surprisingly, neither the weak dollar nor the concerns of trade war after the US imposed import tariffs on Mexico, Canada and the European Union helped gold gain strength and breach above $1,310.

The prices, which were oscillating around $1,300 almost all through the week, came under pressure on Friday after the strong US jobs data release. Gold fell sharply below $1,300 after the data release, to close the week 0.7 per cent lower at $1,293 per ounce.

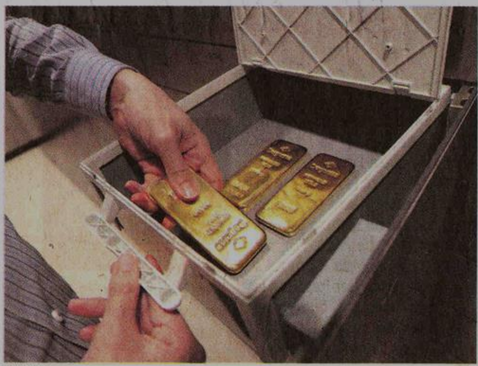
Inability to break above $1,310 in spite of the dollar weakness and a subsequent sharp fall at the end of the week indicates that further fall in gold is on the cards in the coming days.

Silver, however, remained relatively stable. The global spot silver prices traded in a narrow sideways range between $16.32 and $16.60 per ounce and closed at $16.41 per ounce, down 0.6 per cent for the week.

Rupee impact

The Indian rupee's strengthening against the US dollar kept the gold and futures contract under pressure on the domestic front. The rupee fell to test 68 intra-week, but reversed sharply higher from there, recovering all the loss made, and closed at 67.06, up 1 per cent for the week. The strong rupee sharply dragged the gold and silver futures contracts on the Multi Commodity Exchange (MCX) lower in the past week. The MCX-Gold contract fell, breaking below a crucial support level of ₹30,800 per 10 gm. The contract closed at ₹30,546 per 10 gm, down 2 per cent for the week.

The MCX-Silver contract, on the other hand, broke below the psychological ₹40,000-per-kg mark and closed at ₹39,547 per kg. The contract was down 1.8 per cent for the week.



REUTERS

Dollar rebounds

The dollar index (94.15) was volatile in the past week. The index surged initially to test 95 levels as expected. But, it failed to sustain higher, and reversed sharply to make a low of 93.7. However, good jobs data on Friday helped the index rebound above 94 again. The US unemployment rate fell to an 18-year low of 3.8 per cent. The non-farm payrolls increased 223,000 in May as against an expected increase of 188,000.

The immediate outlook for the index is mixed. Inability to sustain above 94 can take the index lower to 93.6 — a crucial support level. A break below 93.6, though unlikely, may drag the index further lower to 93. On the other hand, as long as the index remains above 94, a rise to revisit 95 is possible. A strong break above 95 will see the upmove extending to 95.5 and 96.

Gold outlook

The short-term outlook for the global spot gold ($1,293 per ounce) is bearish. The 200-day moving average resistance at $1,308 has capped the upside very well in the past week, and gold has reversed sharply lower after testing this hurdle.

The possibility of remaining below $1,300 is high. A fall to $1,280 or $1,275 can be seen in the coming days. A strong break below $1,275 will increase the likelihood of the fall extending to $1,265 and $1,260.

The region between $1,265 and $1,260 is a strong support, which may halt the current downtrend. A further fall below $1,260 looks unlikely at the moment.

As mentioned last week, 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.

The sharp fall below ₹30,800 has turned the outlook for MCX-Gold (₹30,546 per 10 gm) also negative. The contract can fall to ₹30,150 or even ₹30,000. A bounce from ₹30,000 can keep the contract range-bound between ₹30,000 and ₹30,800 for some time. But a break below ₹30,000 will increase the likelihood of the contract tumbling to ₹29,500 thereafter.

Silver outlook

The global spot silver ($16.41 per ounce) has remained mixed and range-bound between $16.25 and $16.75 per ounce over the past few weeks.

A breakout on either side of $16.25 or $16.75 will decide the next move. A strong break above $16.75 can take silver higher to $17.25. On the other hand, a break below $16.25 can take it lower to $16 and $15.75.

On the domestic front, the MCX-Silver (₹39,537 per kg) futures contract has resistance in the ₹39,700-₹39,800 region. As long as it trades below this resistance zone, a fall to ₹39,000 or ₹38,900 is likely in the coming days.

MCX Gold
Supports: ₹30,000/29,500
Resistances: ₹30,800/31,100

MCX Silver
Supports: ₹38,900/38,450
Resistances: ₹39,800/40,250

THE HITAVADA (CITYLINE) DATE: 4/6/2018 P.N.10

India's finished steel export slumps to 25 per cent in April

■ Business Bureau

INDIA'S export of finished steel slumped by 25.2 per cent to 0.558 million tonnes (MT) during April 2018, according to a report.

The country had exported 0.746 MT finished steel during the same month a year ago, the Joint Plant Committee (JPC) said it its latest report.

The JPC, under Ministry of Steel, is the only institution in the country that collects and maintains data on domestic steel and iron industry.

"At 0.558 MT, export of total finished steel was down by 25.2 per cent in April 2018 over April 2017," the report said.

The total output of finished steel for sale in April stood at 8.737 MT, up 5.4 per cent from 8.286 MT the country had produced in the same month last year, the report said.

Union Steel Minister Chaudhary Birender Singh had earlier said that India should export six to seven per cent of its total steel production.

As against exports, the imports grew 18.8 per cent to 0.599 MT during April, compared to 0.504 MT in the same month previous year. India's consumption of total finished steel grew 8.2 per cent to 6.984 MT over April 2017, when the consumption was 6.454 MT, the report said.

"The consumption of total finished steel saw a growth of 8.2 per cent in April 2018 at 6.984 MT over April 2017, under the influence of a rising supply side as both production for sale and imports increased in April 2018 over April 2017," the JPC said.

The Cabinet, in May last year, approved National Steel Policy (NSP) 2017 that envisages Rs 10 lakh crore investment to take capacity to 300 million tonnes by 2030-31 to give a boost to the sector.

DEBT RESOLUTION

Don't finalise Binani Cement asset sale till further orders: SC

Move on petition filed by Rajputana Properties, a Dalmia Bharat subsidiary

ENS ECONOMIC BUREAUS
NEW DELHI/KOLKATA, JUNE 4

THE SUPREME Court Monday restrained finalisation of the sale of assets of the bankrupt Binani Cement without its prior approval. However, it allowed the debt resolution process to go on. The top court also said that further proceedings will be subject to its orders.

A vacation bench led by justice Adarsh Kumar Goel while issuing formal notice to UltraTech Cement, which has been voted as the highest bidder by the committee of creditors (CoC), and others said: "In the meantime, no final order may be passed. This order will not debar further proceedings subject to orders of this court." The matter will be further heard on July 2.

The apex court was hearing an appeal by Dalmia Bharat's subsidiary, Rajputana Properties (RPPL), against the May 15 order of the National Company Law Appellate Tribunal (NCLAT) that allowed the CoC to consider a revised offer for Binani Cement put forth by UltraTech Cement.

Dalmia Bharat had emerged as the top bidder for acquisition of assets of Binani Cement, but subsequently UltraTech Cement, which was the second highest bidder, came back with a revised higher offer, backed by original promoters of Binani Cement.

On May 28, Binani Cement's CoC had voted in absolute majority in favour of the revised resolution plan submitted by UltraTech Cement that has offered to pay Rs 7,960 crore for the bankrupt firm. Under this plan, all the financial as well as the operational creditors will receive their complete dues. The resolution plan was subsequently required to be approved by the NCLT and the NCLAT where the matter is pending.

In fact, on Monday the resolution professional (RP) of Binani Cement, Vijaykumar V Iyer, submitted UltraTech Cement's revised resolution plan before the NCLT Kolkata bench. This was challenged by RPPL, which questioned the eligibility of UltraTech Cement to bid for the assets.

While RPPL wanted to see the resolution plan of UltraTech Cement, the bench while denying this asked the RP to serve a copy pertaining to the details on the reasons for approving UltraTech's revised resolution plan by the CoC. This was based on the May 15 order of the NCLAT which had asked the CoC to furnish reasons for "approving one or the other resolution plan". The next hearing at the tribunal is scheduled on June 18.

Binani Cement, a subsidiary of Binani Industries, has a manufacturing capacity of 11.25 million tonnes of cement per year with integrated plants in India and China, and grinding units in Dubai. In FY17, the cement maker had posted a net loss of Rs 348 crore on revenues of Rs 1,527 crore, according to data from Capitaline. FE

Vedanta deposits ₹5,320 cr in Electrosteel Steels' escrow a/c

New Delhi: Vedanta Ltd Monday said it has deposited an upfront amount of Rs 5,320 crore in the escrow account of Electrosteel Steels Ltd (ESL) following the latter's acquisition through the insolvency process.

In March, Vedanta was declared as successful resolution applicant by the committee of creditors (CoC) for ESL under the Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code, 2016. PTI

NEW ERA FOR ESL As per the approved resolution, Vedanta acquires 90% in ESL, appoints new board of directors

Vedanta Gets Management Control of Electrosteel

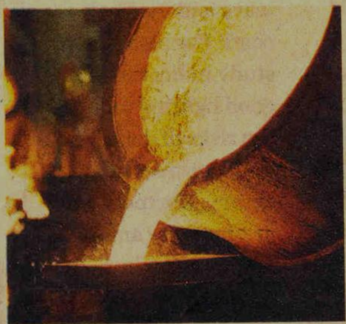
Our Bureau

Kolkata: India's dedicated bankruptcy resolution programme, which seeks to untangle billions of dollars stuck in bad loans, recorded its second-biggest successful recovery to date after global resources major Vedanta acquired management control of Electrosteel Steels Ltd (ESL) and named a new board to run the distressed steelmaker.

Vedanta has deposited ₹5,320 crore in an escrow account of ESL for 90% equity in the bankrupt alloy maker. This is the second successful resolution of a stressed steel asset after Tata Steel acquired Bhushan Steel.

The Anil Agarwal-owned company has nominated Rashmi Mohanty, P K Mukherjee (former Sesa Goa MD) and Naveen Singhal, who is currently CEO of Vedanta Sesa Goa Iron Ore, as its nominee directors on the reconstituted board of ESL.

Vedanta's move followed the National Company Law Appellate Tribunal (NCLAT) order on May 30: It allowed Vedanta to acquire ESL by depositing the upfront payment to the Committee of Creditors (CoC). ESL has outstanding dues of ₹14,177.3 crore. According to the resolution



plan, Vedanta Star Limited (VSL), a wholly owned subsidiary of Vedanta, will take 90% stake in ESL. Investment from VSL in ESL will come as a combination of ₹1,765 crore as equity and ₹3,555 crore as inter corporate loans..

A two-member NCLAT bench also said on May 30 that this payment would be subject to the outcome of the petition filed by Renaissance Steel, which has questioned Vedanta's eligibility to bid for ESL. The bench also said that if Renaissance Steel wins the case, the CoC will have to return the money to Vedanta.

Vedanta didn't want to comment on the course of action in case of an adverse verdict. "It is difficult to address this issue at this point in time. We're following the NCLAT order given on May 30," a Vedanta official said.

The appellate tribunal reserved its order on Renaissance Steel's petition challenging Vedanta's bid for the debt-laden ESL. Earlier, the resolution application filed by Renaissance Steel was rejected by ESL's CoC.

In a notification to the exchanges on Monday, Vedanta said all requisite approvals like those from National Company Law Tribunal (NCLT) and Competition Commission of India have been received. ESL has a greenfield steel plant located at Siyaljhori in Jharkhand's Bokaro district. It is currently being operated at around 1.5 million tonne per annum (mtpa). However, it has the potential to go up to 2.5 mtpa.

ESL had a total income of ₹2,867.83 crore in FY2017. In a statement issued on Monday, Vedanta said the acquisition "will complement the company's existing iron ore business as the vertical integration of steel manufacturing capabilities has the potential to generate significant efficiencies."

The bankruptcy process began in July last year. In its order on April 17, NCLT approved the resolution plan submitted by Vedanta for acquiring a controlling stake in ESL.

DAINIK BHASKAR DATE: 5/6/2018 P.N.2

पारसिक हिल्स पर उत्खनन रोकने आंदोलन

खनन के नाम पर खतरनाक स्तर पर पहुंची पारसिक हिल में खनन अत्यधिक स्थिति पार कर चुकी है। इसे रोकने पर्यावरण कार्यकर्ताओं ने ठाणे जिला कलेक्टर से पारसिक क्वेरी फाइलों को हमेशा के लिए बंद करने का अनुरोध किया है। नेशनल कम्युनिकेशंस प्रोफेशनल बॉडी पब्लिक रिलेशंस काउंसिल ऑफ इंडिया (पीआरसीआई) ने आवासीय क्षेत्रों के आसपास के उत्खनन के दुष्प्रभावों के बारे में जागरूकता पैदा करने के लिए एक सामाजिक संचार अभियान शुरू किया है। जून 1997 के अंत में बालासाहेब ठाकरे की इच्छा अनुरूप महाराष्ट्र सरकार ने पारसिक हिल खनन को रोक दिया था क्योंकि यहां के उत्खनन से पर्यावरण को भारी नुकसान हो रहा था। हालांकि अवैध रूप से उत्खनन जारी है। मुंबई से सटे ठाणे एवं नवी मुंबई के मध्य क्षेत्र में पारसिक हिल्स के रूप में पहचाने जाने वाले पहाड़ी पर करीब 15 वर्ग किमी क्षेत्र में आरक्षित वनक्षेत्र है। सिडको ने विकास योजना के चलते पारसिक हिल्स का चयन किया था। नए इलाकों के सुनियोजित और बेहतर विकास के लिहाज से सिडको ने नवी मुंबई क्षेत्र के करीब 9 गांव (28.70 वर्ग किमी) का अधिग्रहण किया था। इन गांवों के निवासी आग्री समुदाय का पुनर्वसन पारसिक हिल्स के समीप किया गया। साल 1980 में इन परिवारों को रोजगार के रूप में हिल्स के समीप गौण खनिज उत्खनन के करीब 80 लीज पट्टे प्रदान किए गए थे। आर्थिक

> पारसिक हिल्स को गंभीर रूप से क्षतिग्रस्त कर दिया गया है। हम अनुरोध करते हैं कि आप हमारी याचिका पर विचार करें और पारसिक हिल खदान फाइलों को बंद करें और कोई भी नई ईसी जारी न करें'
>
> **- सीप का आग्रह**

संसाधनों की कमी के चलते नागरिकों ने अपने लीज पट्टों को किराये पर दे दिया था। किराये पर लेने वालों ने धड़ल्ले से हिल्स की खनिज संपदा का दोहन किया। प्रशासन ने खनिज संपदा के दोहन को लेकर कभी कोई समीक्षा नहीं की। करीब 35 सालों तक प्रशासन और खनन करने वालों ने पर्यावरण से जुड़े मुद्दों की पूरी अनदेखी की। दो साल पहले जिला पर्यावरण अनुशंसा समिति (डिस्ट्रीक्ट एन्वायरमेंट अप्रेसल कमेटी) के समक्ष 74 लीज आवंटन प्रस्तावों पर सुनवाई आरंभ हुई। इस आवंटन को मंजूरी मिलने की आहट होते ही स्थानीय नागरिक एवं पब्लिक रिलेशन सोसायटी ऑफ इंडिया ने विरोध आरंभ किया। इतना ही नहीं नए आवंटन को रद्द करने और पर्यावरण सुरक्षा की उपाय योजना को लेकर राष्ट्रीय हरित प्राधिकरण के समक्ष याचिका दायर की है। इस याचिका पर एनजीटी ने स्थानीय प्रशासन को तत्काल उपाययोजना तैयार करने का निर्देश दिया। बावजूद इसके अब भी अवैध रूप से खनन गतिविधियां बदस्तूर जारी है।

▪ सहयोग : सोनाली सिंह, अथौबा ▪ पेज डिज़ाइन : विवेक जोशी

THE TIMES OF INDIA
DATE: 5/6/2018 P.N.10

Vedanta takes mgmt control of Electrosteel

TIMES NEWS NETWORK

Kolkata: Vedanta Star, a subsidiary of metal czar Anil Agarwal's Vedanta, has taken the management control of Electrosteel Steels (ESL) as directed by the National Company Law Appellate Tribunal (NCLAT) on May 30.

In a filing to the stock exchanges, Vedanta informed that the company has paid the entire upfront amount of Rs 5,320 crore into an escrow account. According to the NCLAT directive, if the objection of Renaissance Steel is upheld by the appellate tribunal, then lenders will have to repay the money to Vedanta.

Vedanta informed that the company has paid the entire upfront amount of ₹5,320cr into an escrow account

A five-member steering committee, comprising two representatives of Vedanta and representatives of three major lenders—SBI, PNB and Canara Bank, had been supervising the operations of the ailing company. The three directors nominated by Vedanta are Rashmi Mohanty, Prasun Kumar Mukherjee and N K Singhal. Umang Kejriwal and other existing directors of ESL will cease to be directors from June 4.

The Kolkata bench of the National Company Law Tribunal (NCLT) had approved the resolution plan of the Anil Agarwal-led company and endorsed views of the committee of creditors (CoC). The CoC had approved the bid of the Anil Agarwal firm after a six-hour long meeting on March 29, which was challenged by Renaissance Steel at the NCLT. The revised bid of Vedanta was of Rs 5,320 crore.

ESL had a turnover of Rs 2,867 crore in 2017-18.

THE HINDU DATE: 5/6/2018 P.N.14

Vedanta puts ₹5,320 crore into Electrosteel's escrow

June 4 is effective date for resolution plan, says the buyer

PIYUSH PANDEY
MUMBAI

Billionaire Anil Agarwal-led Vedanta Limited has forayed into steel making by paying ₹5,320 crore to buy out bankrupt Electrosteel Steels under the Insolvency and Bankruptcy Code (IBC), making it the second successful resolution under the Insolvency and Bankruptcy Code.

Last month, Tata Steel had bought bankrupt Bhushan Steel for ₹36,400 crore, making it the first case to achieve resolution among companies whose loan accounts have turned into NPAs for banks.

"Pursuant to the order dated May 30, 2018 of National Company Law Appellate Tribunal (NCLAT), Vedanta Limited is implementing the approved Resolution Plan for Electrosteel Steels Limited. Accordingly, Vedanta Star Limited, a wholly-owned subsidiary..., has deposited the upfront amount of ₹5,320 crore in escrow account of ESL and June 4, 2018 has been determined to be the 'Effective Date' under the Resolution Plan," said a company statement.

'Board in place'

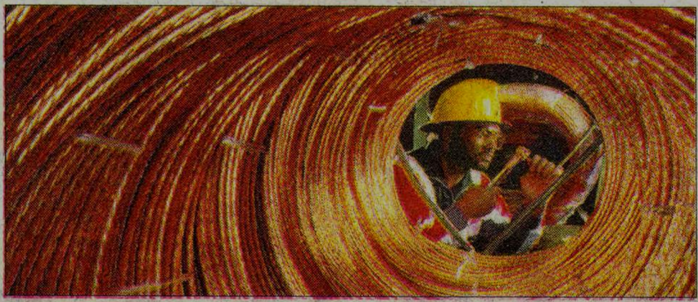
The company has acquired control over ESL and a new board of directors has been put in place. Investment in ESL would be done through a combination of equity worth ₹1,765 crore and an inter-corporate loan of ₹3,555 crore.

Last week, NCLAT had allowed Vedanta Limited to acquire ESL by depositing the upfront payment to the Committee of Creditors. However, the deal would be subject to the outcome of the petition filed by Renaissance Steel challenging Vedanta's bid.

THE HITAVADA (CITYLINE) DATE: 6/6/2018 P.N.10

Domestic refined copper production may decline by 40% in FY19: Study

■ **Business Bureau**



DOMESTIC refined copper output is likely to decline by 40 per cent to 5,10,000 tonnes during FY19 on the back of permanent closure of Vedanta's Tuticorin smelter, domestic rating agency CARE Ratings said.

"In light of the order of the permanent closure of the Tuticorin smelter, the production of domestic refined copper is expected to be around 510 KT during FY19 resulting in 40 per cent drop from the FY18 production levels," it said in a statement.

India's refined copper production during FY18 was 8,43,000 tonnes, it said. The Tuticorin smelter accounts for 40 per cent of the country's copper smelting capacity, and has contributed to 48 per cent of the refined copper production during FY18, it added.

Tamil Nadu Government had last month issued an order for "permanent closure" of the operation of Sterlite Copper plant in Tuticorin. India has been a net exporter of refined copper (A grade quality) as there has been excess production in the domestic market.

"Given that refined copper consumption is to increase in the given backdrop of robust infrastructure activities undertaken by the government, closure of the smelter will impact the trade dynamics of India, leading us to resort to additional imports changing the country from a net exporter to a net importer," the statement said. India exported 3,44,000 tonnes and imported 37,000 tonnes of refined copper during FY18 (April-February).

BUSINESS LINE DATE: 6/6/2018 P.N.3

Hind Copper may raise ₹800 crore for expansion

OUR BUREAU
Kolkata, June 5

State-owned Hindustan Copper Ltd (HCL) may raise ₹800 crore to fund expansion and diversification projects, according to a senior official.

Responding to a query during the company's press conference here on Tuesday, the GM (Finance), Vivek Tripathi, said the QIP was expected this fiscal.

After this, the Centre's stake may come down to around 69-70 per cent from the existing 76 per cent. He did not elaborate further on the fund raising plans.

On May 25, the HCL board cleared a proposal to enhance the borrowing limit to ₹1,500 crore from the existing ₹800 crore.

Exploration permission

According to Chairman and Managing Director, Santosh Sharma, the company plans to monetise waste-rock reserves, enter exploration as an independent agency and set

Santosh Sharma, CMD, Hindustan Copper

up copper ore tailing plants for extraction of gold and silver.

As part of the waste rock monetisation plan, the company will sell over-burden material, extracted during copper ore mining, to meet the Railway's ballast requirement.

HCL has ₹1,000 crore worth of such reserves.

The company recently received the licence to operate as an independent exploration agency.

Ideally, it should help HCL to take up exploration job for others.

Sharma said construction of ₹200 crore copper ore tailing plant for extraction of gold and silver at Malanjkhand in Madhya Pradesh will be completed by July.

The company is also focussed to enhance its copper mining potential.

A ₹408-crore exploration contract is also under way to carry out fresh drillings in Madhya Pradesh and Jharkhand.

Sharma believes the closure of Sterlite's copper plant at Thoothukudi (Tamil Nadu) has come as an opportunity to HCL.

The company has an installed smelter capacity of 70,000 tonnes in Jharkhand and Gujarat.

The capacity will be escalated to one lakh tonne as the company will bring on stream its closed smelter unit at Khetri (Rajasthan) later this year.

THE TELEGRAPH DATE: 6/6/2018 P.N.8

Hind Copper growth drill

A STAFF REPORTER

Calcutta: Government-owned Hindustan Copper has earmarked Rs 408 crore for copper ore exploration over a period of two years, jointly with Mineral Exploration Corporation Limited (MECL).

The public sector miner has also got government approval to become an independent copper exploration agency.

"As on today, we are not exploring beyond an average 500 metre depth. We are not fully aware of our potential in terms of copper reserves available in our mines.

"We are going to take exploration in a big way. We have mobilised funds for that," chairman and managing director Santosh Sharma said on Tuesday.

The company has already awarded a

Santosh Sharma: Upbeat

contract to Minerals Exploration Corporation (MECL) in the Singhbhum belt and more are on the pipeline.

The PSU also plans to explore at the Khetri belt in Rajasthan as well as at Malanjkhand in Madhya Pradesh and its adjoining areas. During 2017-18, Hindustan Copper had opened the Kendadih mines in Jharkhand and commissioned a mine at Banwas in Rajasthan. Sharma said production from these mines would be ramped up this fiscal.

Rock sale

In a bid to diversify and lower the impact of volatility in copper price fluctuation, the company is planning to sell waste rock to Indian Railways. The miner has estimated more than 100 million tonnes of rock (ore burden) valued at Rs 1,000 crore.

Sharma said the company is aiming Rs 2,000 crore revenue in the current fiscal, while efforts to create wealth from waste will add Rs 50 crore to its bottomline. In view of the crisis in Vedanta's Sterlite Copper plant, Sharma said HCL was ramping up its own smelting capacity to produce more refined copper.

THE HINDU DATE: 6/6/2018 P.N.14

Hind Copper eyes 'non-LME' segments to protect revenue

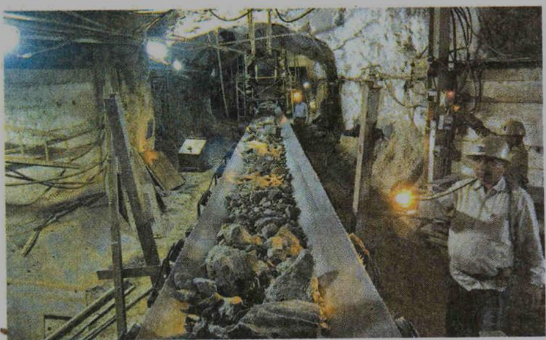
Mulls extracting precious metals, minerals; gets nod for copper exploration

SPECIAL CORRESPONDENT
KOLKATA

The country's only copper mining entity, Hindustan Copper Ltd. is planning to enter the business of extracting precious metals and minerals help insulate the firm from price volatility seen on the London Metal Exchange.

This is a sort of hedge mechanism, as the prices it can command are linked to the LME, Santosh Sharma, Chairman cum Managing Director of the listed PSU told the media. In the past, HCL had seen its fortunes fluctuate with the price movements of copper on the LME.

By July, HCL will commission a waste-to-wealth project at its Malanjkhand project in Madhya Pradesh, which will enable it to extract precious metals such as gold and silver, as well as minerals such as silica through a copper ore tails project. The ₹200-crore project "will be a significant value creator," he said. An estimated ₹30 crore may be added to the bottomline annually, he said.



Wider horizons: A project to monetise rocks like granite and quartzite has also been proposed. ▪SPECIAL ARRANGEMENT

A project to monetise rocks like granite and quartzite thrown up during opencast copper mining has also been proposed.

₹6,000-crore business

While 100 million tonnes of such rocks are available at Malanjkhand, this could go up to 250 million tonnes with increased mining. The business is valued at ₹6,000 crore per annum.

HCL has also received government nod for carrying out copper exploration. "Our reserves will last 30 years... with current capacity expansion, this may fall short," he said. The firm has awarded tenders to MECL for the Singbhum belt.

BUSINESS LINE DATE: 8/6/2018 P.N.3

NMDC eyes value-addition projects for Nagarnar steel plant

Plans capex of ₹2,500 cr in FY19; to have 67 MT of capacity by 2022

V RISHI KUMAR
Hyderabad, June 7

Backed by a record performance in FY 2018, iron-ore mining major NMDC Ltd is looking at robust growth this year. The company plans to deploy a capital expenditure of about ₹2500 crore this fiscal, up 25 per cent over the ₹2,000 crore deployed in FY 2018.

As the company plans to up mining capacity from 45 MT to 67 MT in 2022, it is looking at value-addition projects playing a bigger role in its overall business plans.

NMDC has scripted a strategic management plan to address risk and opportunities. Bullish on its growth, expansion and diversification projects, N Baijendra Kumar, Chairman and Managing Director of NMDC, said: "Our value-addition projects will play an important role in the NMDC growth story. In our Diamond Jubilee year, we recorded the best-ever performance since inception. We are looking at an exciting phase ahead both in the near and long term."

In an exclusive interaction with *BusinessLine*, Kumar said: "NMDC's value-added projects, including the ₹15,525-crore Nagarnar Steel Plant in Chhattisgarh, and the pellet plant at Donimalai in Karnataka, will play an important role in the company's business plans. The Nagarnar plant, wherein we have already invested ₹13,000 crore is set to get commissioned later in the third quarter of the calendar year."

Baijendra Kumar, Chairman and Managing Director, NMDC

Progress in phases

NMDC plans to increase its capex by about 25 per cent to ₹2,500 crore this fiscal year in various ongoing projects.

"There are constraints in terms of evacuation of iron ore produced from mines. The last year's strong performance was in spite of two months' disruption in supply link. We are in the process of developing a ₹3000-crore 15 MT slurry pipeline from Kirandul-Nagarnar-Viskhapatnam, in phases," he said.

'Steel unit'

"The pipeline is expected to be commissioned by 2021. Various clearances have been secured. The land acquisition for the pipeline is underway. Tenders will be called for and awarded for development," the CMD said.

"The 1.2 MT pellet plant at Donimalai set up, as a part of the diversification initiative, is in the process of stabilisation. Down the line, we may also look up to further increase the capacity or even consider a steel unit," he said.

On the changes brought about in the mining sector, he said, "We have various options. These include tie-ups with State governments and their ventures, direct bidding and even potential joint ventures."

Referring to exports, the CMD said: "The company focus has been on domestic sales and will continue to be on serving the local market, which is expected to grow. Last year, about 2.6 MT was exported to Japan and Korea."

NMDC was recently awarded the prestigious S&P Platts award for corporate social responsibility.

"Being one of the most successful public undertakings and a Navaratna, my focus is now to ensure employees have best work culture and to boost performance," said Kumar.

During the ongoing Diamond Jubilee celebrations, there is also a focus on capacity building.

BUSINESS LINE DATE: 8/6/2018 P.N.14

Sell gold if it rallies to $1,305/ounce

GNANASEKAAR T

Comex gold futures rose on Thursday as the euro hit a two-week high against the US dollar, with investors waiting for meetings of key central banks and the US-North Korea summit all due next week.

Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.42 per cent to 832.59 tonnes on Wednesday, the lowest in over three-months.

Comex gold futures have been consolidating with a mild bearish bias now. Though the overall picture still hints at bullishness ahead, the near-term has been neutral to mildly bearish hinting at further weakness ahead. As we have been maintaining for a while, the medium-term picture still holds some promise, therefore caution should be exercised on getting excessively bearish too. A positive trigger for the medium-term in sustaining the uptrend is likely to be above a close of $1,375 an ounce levels. In the coming week, we expect prices to find resistance in the $1,305 zone and edge lower again towards the recent lows at $1,278 or even lower. The favoured view expects prices to edge higher to $1,305 levels. Only a close above $1,335 could revive hopes for a retest of $1,365 or even higher.

Wave counts: It is most likely that a fall from the record $1,925 to the recent low of $1,088 so far, was either a possible corrective wave "A", with a possibility to even extend towards $1,025-30 levels or a complete correction of A-B-C ending with this decline. Subsequently, a corrective wave "B" could unfold with targets near $1,375 or even higher.

After that, a wave "C" could begin lower again. Alternatively, we can also expect wave "B" to extend to $1,476 levels. If the current decline as a whole from $1,920 can be considered as a fourth wave, then the fifth wave could begin and cross $1,700 in the long-term. An eventual break above $1,355 could see the Wave "B" scenario emerge in the coming sessions. While $1,270 holds, we still favour prices rising higher towards $1,450-75 in the form of wave "B". We will re-assess around $1,450-70 levels on the potential for a wave "C" decline subsequently.

RSI is in the neutral zone now indicating that it is neither overbought nor oversold. The averages in MACD have gone 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 with the stop-loss at $1,313 targeting $1,278 followed by $1,265.

Supports are at $1,289, 1,278 and 1,260. Resistances are at $1,310, 1,325 and 1,355.

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

BUSINESS LINE DATE: 8/6/2018 P.N.14

Short-term view bullish for MCX Lead

GURUMURTHY K

BL Research Bureau

The Lead futures contract on the Multi Commodity Exchange (MCX) has risen sharply in the past week. After hovering at ₹165 per kg in the initial part of the week, the MCX-Lead futures contract has surged over 3 per cent and is currently trading at ₹170 per kg.

The strong rally in the past week has taken the contract well above a key trend-line resistance level of ₹167.5.

This level will now act as a strong support for the contract. The short-term outlook will remain positive as long as the contract trades above ₹167.5.

A rally to ₹174 is likely in the near-term. A strong break above ₹174 will then increase the likelihood of the contract extending its up-move to ₹178. The outlook will turn negative only if the contract breaks below ₹167.5 decisively. Such a break can drag the contract lower to ₹164 or ₹163.

The 21-day moving average at around ₹163 is a key short-term support for the contract which is likely to limit the downside. If the contract breaks below this support, the down move can extend to ₹160 or ₹159.

Short-term traders can go long at current levels and also accumulate on dips at ₹168. Stop-loss can be placed at ₹166 for the target of ₹178. Revise the stop-loss higher to ₹172 as soon as the contract moves up to ₹173.

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

BUSINESS LINE DATE: 9/6/2018 P.N.14

Lead slides after inventories jump; copper retreats

REUTERS
London, June 8

Lead prices slumped on Friday after inventories rose, a sign that shortages in China were starting to ease.

Copper retreated after a six-day rally that pushed the metal to its strongest in 4-1/2 years in the previous session as fears eased about a potential strike at top mine Escondida, an analyst said.

Benchmark lead was the biggest mover on the London Metal Exchange, bid down 2.3 per cent at $2,475 a tonne in official open outcry activity after failing to trade.

LME lead had gained 14 per cent when it touched the highest in more than three months at $2,555.50 on Thursday after rallying for slightly over a month.

The gains were largely fuelled by worries about shortages in China due to rolling environmental inspections on the secondary lead processing sector that resulted in some smelter closures.

But LME data on Friday showed a 19 per cent jump in on-warrant lead inventories — stocks that are not earmarked for delivery.

That was due to holders of stocks reversing earlier decisions to take material out of warehouses, potentially to ship to China.

"Seeing those stock cancellations reverse is a sign that the pull from China (for metal) seems to be letting up," said Oliver Nugent, commodities strategist at ING Bank in Amsterdam.

"We're hearing that primary smelters (in China) are increasing utilisation rates and tightness in China is being relieved by whatever slack there is outside in the regional market."

Three-month LME copper shed 0.9 per cent to trade at $7,266 a tonne in official rings, off a session low of $7,211. Copper touched $7,348 on Thursday, its loftiest since January 2014, and has risen 5 per cent so far this week, the most since mid-February.

Aluminium traded down 0.5 per cent at $2,299 a tonne in official activity, zinc also gave up 0.5 per cent to be bid at $3,166, nickel was bid 1.4 per cent lower at $15,300 and tin traded down 0.9 per cent at $21,125.

NAVBHARAT DATE: 10/6/2018 P.N.9

3 गुना बढ़ेगी एल्युमिनियम खपत

नवभारत समाचार सेवा

मुंबई. एल्युमिनियम उद्योग में विस्तार की संभावनाओं को देखते हुए नाल्को की ओर से पश्चिमी क्षेत्र के कस्टमर्स और वेंडर्स के लिए बैठक का आयोजन किया गया. कंपनी के सीएमडी तपन कुमार चंद ने कहा कि वर्ष 2030 तक देश में एल्युमिनियम की खपत में तीन गुना वृद्धि होगी. देश में इस मांग को पूरा करने के लिए उत्पादन में वृद्धि करनी होगी. देश में प्रति व्यक्ति अल्युमिनियम खपत 2030 तक वर्तमान खपत से दुगुनी हो जाएगी. देश में बन रही स्मार्ट सिटी ग्रीन सिटी होंगी. वहां एल्युमिनियम की काफी डिमांड रहेगी. इसके अलावा हाई स्पीड ट्रेन प्रोजेक्ट में भी एल्युमिनियम की डिमांड रहेगी. उन्होंने बताया कि कंपनी ने वर्ष 2017-18 में 100 प्रश वृद्धि दर्ज की. इस अवसर पर डायरेक्टर पी.के. मिश्रा, कार्यकारी निदेशक एस. समंत्रे भी उपस्थित थे.

BUSINESS LINE DATE: 11/6/2018 P.N.8

Short-term outlook remains mixed for gold

As the market gears up for an eventful and volatile week

GURUMURTHY K

Gold was stable and range-bound in the past week. The global spot gold prices moved in a sideways range between ₹1,289 and ₹1,303. The prices have closed slightly higher by 0.4 per cent for the week at $1,298 per ounce.

But silver witnessed a strong rally. The global spot silver prices outperformed gold by surging over 2 per cent last week. The prices have closed at $16.79 per ounce.

Volatile week ahead

Gold, which was stable last week, is likely to witness some volatile moves in the coming days. The coming week is packed with a series of important events.

It all starts with US President Donald Trump's historic meet with the North Korean leader Kim Jong-un on Tuesday.

Though Trump has indicated that the meet will just be the beginning of a long process, the initial outcome of the meeting will be much

BLOOMBERG

awaited by the market. Any signs of a negative outcome will be a boost for gold prices.

The second key event for the week is the US Federal Reserve meeting on Wednesday. The Fed is expected to hike rates for the second time this year.

This move is broadly priced in the market. But it is important to see if there is any change in the future rate hike path. Any signs of increasing the rate hike pace in the future could trigger a sell-off in gold.

Thirdly, the European Central Bank (ECB) meeting is due on Thursday. The outcome of the meeting, which could impact the dollar, will need a close watch. If the dollar weakens after the ECB meeting, it could help in limiting the downside in gold prices.

Dollar outlook

The near-term view for the dollar index (93.53) is negative. The index is likely to fall towards 93 or 92.85 in the initial part of the week. Whether it breaks below 92.85 or not will decide the next move. The outcome of either the Trump-Kim meet or the Fed's policy decision could play a significant role in dictating where the dollar index should head from 92.85.

A strong break below 92.85 will increase the likelihood of the index tumbling to 92 or 91.8. Such a fall can push gold prices higher. On the other hand, if the dollar index reverses higher from 92.85, it can rally to 94 or 94.30, which, in turn, would keep the bullion prices subdued.

Gold outlook

The immediate outlook for gold in mixed. The global spot gold ($1,298 per ounce) can remain range-bound between ₹1,285 and ₹1,310 in the near term. A breakout on either side of $1,285 or $1,310 will decide the next move.

A strong break below $1,275 can take gold lower to $1,275. A further break below $1,275 can take the prices tumbling towards $1,260 or $1,250 thereafter. On the other hand, if gold manages to breach $1,310, it can rally to $1,320 or $1,325. A further decisive break above $1,325 will then increase the possibility of the prices revisiting $1,360 levels.

On the domestic front, the gold futures contract on the Multi Commodity Exchange (MCX) surged over 2 per cent last week, recovering most of the loss made in the week earlier. Weakness in rupee helped push the domestic contract higher. The contract closed at ₹31,215 per 10 gm last week. Immediate support is in the ₹31,100-₹31,000 region. As long as the contract remains above this support zone, a rally to ₹31,500 or ₹31,600 is possible. A strong break above ₹31.600 will increase the likelihood of the contract rallying to ₹32,000. But a pull-back from the ₹31,500-₹31,600 region can drag the contract to ₹31,000 or ₹30,800 again.

Silver outlook

The global spot silver ($16.78 per ounce) is poised just above a crucial resistance level of $16.70. If it manages to sustain above $16.70, a rally to $17.25 is possible. But a pull-back from current levels may drag silver lower to $16.50 and $16.25 levels.

MCX-Silver (₹40,412 per kg) futures contract has been broadly range-bound between ₹39,500 and ₹41,000 per kg over the past one month. Within this range, the contract has been moving higher, and is likely to test ₹41,000 — the upper end of the range in the near term. Inability to break above ₹41,000 will keep the sideways range intact. In such a scenario, the contract can fall to ₹40,000 or even lower again. However, if the MCX-Silver futures contract manages to breach ₹41,000 decisively, it can target ₹42,000 thereafter.

MCX Gold
Supports: ₹31,100/30,800
Resistances: ₹31,600/32,000

MCX Silver
Supports: ₹39,500/39,000
Resistances: ₹41,000/42,000

THE TELEGRAPH
DATE: 12/6/2018 P.N.11

Vedanta set to run ESL

OUR SPECIAL CORRESPONDENT

Mumbai: Metals and mining firm Vedanta has acquired management control of debt-laden Electrosteel Steels (ESL).

The move comes after Vedanta was declared a successful resolution applicant by the committee of creditors for Electrosteel Steels under the Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code, 2016, in March.

In a regulatory filing to stock exchanges on Monday, ESL said Vedanta Star, a wholly owned subsidiary of Vedanta, has acquired management control of the company.

As part of the process, Vedanta had earlier deposited an upfront amount of Rs 5,320 crore in the escrow account of ESL.

Electrosteel has a capacity of 1.5 million tonnes, which the company feels could be raised to 2.5 million tonnes.

ESL has its manufacturing facilities near Bokaro. The total income of ESL in 2016-17 stood at Rs 2,867.83 crore.

A new board of directors has been put in place at ESL. According to the resolution plan, the Vedanta arm will hold 90 per cent of ESL.

BUSINESS LINE DATE: 12/6/2018 P.N.8

Steel on a structural mend

Demand push and NCLT resolution-led boost to capacity utilisation will drive the sector's fortunes

RAHUL PRITHIANI

After a prolonged hiatus, the steel sector's fortunes have started to look up as domestic demand revives and resolution of stressed assets referred to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code gathers pace.

The sector had a sedate run in the five fiscals through 2018, when domestic demand logged a compound annual growth rate (CAGR) of just 4.3 per cent, lagging growth in gross domestic product. The lone aberration was fiscal 2018, when demand spurted 7.8 per cent, led by the flat steel and alloy steel segments, but on a low base given demonetisation in the previous fiscal.

In the next five fiscals, demand is expected to clock a CAGR of 6-6.5 per cent.

Growth will ride on a pick-up in infrastructure projects, some revival in housing, and robust growth in the automotive and consumer goods sectors. Government-led initiatives in affordable housing, railways, metros, water supply and sanitation, and road development under Bharatmala would be the key drivers.

Resolutions under NCLT would be an added spur. Around 22 million tonnes (mt), or a fifth of India's crude steel capacity, is expected to swing to larger domestic and/or international players as part of the first round of stressed assets resolution under NCLT, altering the very landscape.

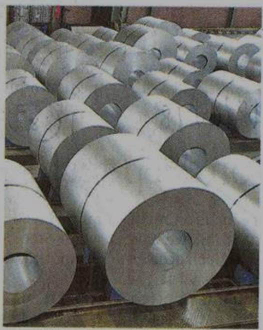
This is expected to boost working capital and liquidity management, leading to improvement in utilisation levels.

The five companies referred under NCLT I have been operating at abysmally low utilisation levels, of less than 60 per cent. Compare this with large players, which typically operate at over 90 per cent utilisation.

The capex cycle

What's more, in the last few years demand growth has been typically preceded by supply additions — a trend that could potentially reverse in the near to medium term, yielding a positive run-up for utilisations.

The capex cycle in the last five years was defined by a mix of brownfield and greenfield capacity additions, involving high capital costs and extended timelines.



Growth set to gather momentum AP

Acquisition of the 22 mt of under-utilised capacities, which also have a brownfield capacity expansion potential of another 20 mt, will redefine the upcoming capex cycle in two ways: One, the aggregate capacity additions will nearly halve to 18-20 mt in the next five years, compared with 36 mt in the past five years.

Two, these capacities would largely be brownfield in nature and, thereby, be characterised by lower capital costs — typically, brownfield capex expansion costs half that of a greenfield set-up — and lower turnaround time.

Another interesting event can potentially unfold in the flat steel segment with NCLT I resolution, in terms of the sector getting more consolidated and being controlled by fewer players.

India's flat steel market is dominated by six players that account for 85 per cent of the capacity, with the rest distributed between smaller players and re-rollers. Of these six, three are currently part of the NCLT I resolution process. In other words, these are being eyed by large domestic and international steel makers for expansion or entry strategies.

Based on various acquisition scenarios, the flat steel market in India is expected to consolidate further (85 per cent controlled by six players, currently) to anywhere between three and four players.

Further, with a few flat re-rollers being referred to NCLT, even these assets can be acquired by the large players, thereby strengthening their position. As the dynamics of a more consolidated industry play out in the flat steel space, the spreads between landed and domestic prices are expected to narrow. Higher utilisation and volumes, coupled with better pricing, augur well for the profitability of large players.

The flip-side

On the flip-side, if the consequent rise in prices hurts consumers, there is a risk of the government intervening. Global prices would also have a bearing, as will domestic demand and supply.

Resolution of steel companies in first and second round of NCLT will provide relief to bankers, given that these are among their larger stressed assets and constitute more than half of the steel sector's outstanding credit (₹3.26-lakh crore as of March 2018).

The key hurdle would be in resolving the balance part, which is distributed over several smaller steel units that typically operate in sponge iron, long steel, and non-value-added alloy steel segments.

The writer is Director, CRISIL Research.

BUSINESS LINE DATE: 12/6/2018 P.N.18

Journey to the centre of the earth in an SUV

A first-hand account of a trip to Hindustan Zinc's mine in Rajasthan

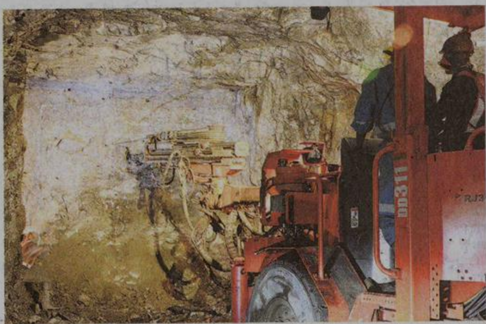
SATYA SONTANAM

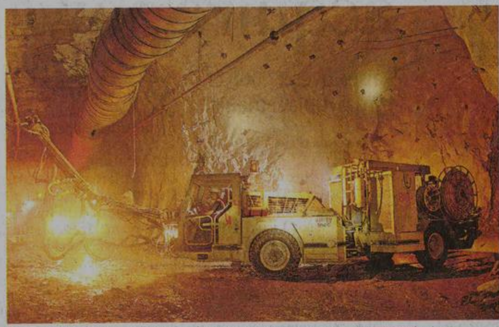
As we all know, many of the metals we use are dug out from mines underground. But how complex and intense a task it is to bring up the ore to the earth's surface was brought home to me during a recent visit to one of Hindustan Zinc's mines.

Hindustan Zinc's various mines and smelting complexes are located in places around Udaipur, such as Chittorgarh, Bhilwara and Zawar. My trip was to the Sindesar Khurd underground mine and my companion was Sanjay Sharma, the manager of the mine that has been in operation for over 10 years and is two hours by road from Udaipur, Rajasthan.

Our journey started at the Hindustan Zinc office located around 2 km from the mine. We were geared with an LED hat, portable oxygen generator, reflective jacket, goggles and boots, to face the rough conditions under the ground. A five-minute powerpoint presentation prepped us to deal with exigencies. Once we were deemed sufficiently ready to face the underground, we boarded a Mahindra Rexton SUV.

The entry to the mine was in a barren area, devoid of trees. Large mounds of waste ore dotted the landscape. I could see trucks moving around, ferrying the ore.





Tapping the riches White square marks on the rocky walls indicate where drilling must be done. (Right) A spraying machine in the Sindesar Khurd underground mine

Road to the netherworld

The small mouth of the mine was covered by a shed. The path that took us down was broad enough to allow one large vehicle to pass and was well-lit. There were floodlights along the path and ventilation shafts on the top. The way to the mining area spiralled lower, in a gentle manner, with branches on either side that led to various mining sites.

Apart from the mining, what caught the eye was the slow movement of trucks taking the extracted ore from the mines to the surface. "All the vehicles are equipped with GPS devices for authentication and are tracked on a real-time basis," said Sharma.

As we headed deep inside, the air inside the air-conditioned car didn't seem enough and breathing felt heavy. Sharma assured me that we would get used to the atmosphere in a short while. The thought of the handy oxygen cylinder fortified me.

Air has to be continuously pumped into the underground mines for the safety of the workforce and for the proper functioning of the operations. Laxman Singh Shekhawat, Chief Operating Officer-Mines, said "the correct amount of air should be directed inside the mines. Not more, not less. Thanks to warmer climatic conditions in India, air need not be heated before being sent in through ventilation shafts."

We finally went 600 metres below the earth's crust. The walls were rocky with square marks that showed the places that needed to be drilled. As we stepped out of the SUV, the loud noise of the jumbo driller was deafening. The driller had an enclosed, sound-proof, air-conditioned cabin for its operator, who was too preoccupied to pay us any attention.

Sharma told us that "mining activities here are taken care of only by skilled workforce. As it is difficult to get skilled labour for mining in India, we hire employees first and train them using various means, including simulators." Hindustan Zinc also taps expatriates from various countries for technical mining works.

Automation at play

While most of us imagine mine workers digging with crowbars underground, that is all *passé*. Now, explosives are inserted in the drilled holes and blasted to extract the ore. Mining activities that include bombing, drilling, etc, which were earlier done manually, are now mostly automated. Sharma showed us a loader (that carries extracted ore): "This loader can be operated without the intervention of the operator by using certain programming. Various kinds of automation are helping us achieve accuracy and increased efficiency."

A little ahead, there was a yellow rectangular metal chamber called a 'refuge chamber' which acts as a haven for the work force during any emergency in the underground. "Safety is our first priority. This refuge chamber is equipped to provide fresh breathing air and seven days of refreshments, which could be resorted to in case of any fire or leakage of hazardous gases inside the mines," said Sharma. We also came across a small office and a place for workshops which made us wonder at the whole new world created underground. "We aim to use more automation using existing technologies and convert our facilities into 'Smart' mines (requiring less manual intervention)," said Sunil Duggal, CEO of Hindustan Zinc.

On the way back to the surface, Sharma switched off the car engine at a place where there were no mining operations, no floodlights, no ventilation shaft and no human presence. It was inky-black with silence that rang in the ears, speaking beyond words of the richness of the earth.

The writer visited the mine at the invitation of the company

THE HINDU DATE: 14/6/2018 P.N.4

SCCL goes hi-tech to keep a tab on coal movement

GPS-based trackers have been installed on vehicles carrying coal to and from coal handling plants

P SRIDHAR
BHADRADRI-KOTHAGUDEM

In continuation of its efforts to leverage the latest technologies to keep a tab on the movement of vehicles transporting coal and prevent pilferage of the precious natural resource, the Singareni Collieries Company Limited (SCCL) has recently introduced a GPS-based vehicle tracking system at the Coal Handling Plant (CHP) in Yellandu town.

The SCCL has extended the technology-aided initiative to the CHP located adjacent to the 21 Incline mine of the British era in the historical coal town as part of its endeavour to put in place the foolproof tacking mechanism to check theft of coal during transportation from various coal mines to the CHPs in the entire coal belt region.

File photo of the coal handling in Singareni coal mine in Yellandu of Bhadradri Kothagudem district. ▪G.N.RAO

All CHPs covered

The facility has already been installed in almost all the CHPs in the entire Kothagudem region, SCCL sources added.

Radio Frequency Identification (RFID) enabled boom barriers have also been installed at the CHP in Yellandu as an integral part of vehicle access control system, sources said.

The newly introduced GPS based mechanism is being used to keep track of the movement of vehicles carrying coal from the Koyagudem OCP and JK OCP to the CHP in Yellandu on a real-time basis, SCCL General Manager (Yellandu area) Lakshminarayana said.

Prevent pilferage

Both the GPS and the RFID technologies are being harnessed to prevent pilferage of coal, check over-speeding of coal-laden vehicles and enforce the stipulated norms governing the transportation and dispatches of coal with precision, the senior official asserted.

BUSINESS LINE DATE: 14/6/2018 P.N.6

'High base price affecting demand of Karnataka iron ore'

JSW refutes claims of weak offtake by steel firms

SURESH P IYENGAR
Mumbai, June 13

JSW Steel has blamed the high base price set for iron ore in the Karantaka e-auction as a major deterrent for sourcing the key raw material, contrary to miners' claim of weak demand from steel companies in the State.

The Federation of Indian Mineral Industries recently decided to move the Supreme Court with an appeal to allow Karnataka iron mining companies export the ore to clear inventory. Some of the large steel companies in the State preferred to buy from Chhattisgarh and Odisha than an e-auction.

Seshagiri Rao, Joint Managing Director, JSW Steel said the lack of demand in the iron ore e-auction is due to the high base- price fixed by NMDC, the largest miner in the state.

Sourcing factors

In fact, he said it would be better for the steel companies to buy quality iron ore from Chhattisgarh and Odisha at a cheaper price than sourcing lower grade material at a higher price from the State. Compared to sourcing from Karnataka, JSW Steel has managed to buy ore with 64 per cent iron content at ₹ 600 a tonne cheaper from Chhattisgarh and ₹ 2,000 a tonne less from Odisha when value in use is taken in account, said Rao.

The iron content of Karnataka ore ranges between 58-60 per cent and needs beneficiation to improve its quality.

Base price

After the recent slowdown in offtake, some of the private miners in the State have reduced the base price by ₹400 a tonne in e-auction and managed to attract a few buyers. However, NMDC the largest iron ore producer in the State continues to charge a premium. T

he State-owned mining company had increased lump ore price by ₹150 to ₹3,050 a tonne and fines price by ₹100 to ₹2,660 a tonne in May despite the lack of demand, he added.

The high iron ore prices in Karnataka has led to many sponge iron ore manufacturers shut shop as they were being priced out in the market, said Rao.

Earlier, the Supreme Court had enhanced the iron ore production limit in the state to 35 million tonnes per annum from 30 mtpa due to higher demand.

BUSINESS LINE DATE: 14/6/2018 P.N.6

After Vedanta shuts plant, copper imports to rise

Sterlite unit closure to cut output by 40%

BLOOMBERG

June 13

Copper imports by the country are about to rise fourfold as the shuttering of a huge smelter in Tamil Nadu slashes local supply at a time when demand is starting to accelerate, according to Care Ratings.

Overseas purchases of the refined metal are set to climb to 170,000 metric tonnes in the year through March from about 40,000 tonnes in the prior 12 months, said Urvisha Jagasheth, a Mumbai-based analyst at the credit ratings agency.

The economy is facing shortages after Tamil Nadu government ordered a 400,000-tonne smelter owned by the company to be closed permanently in the wake of deadly protests over alleged pollution. Even if top producer Hindalco Industries boosts its run rate, it won't help much because a third of its output is committed for export, Jagasheth said. "Everybody's concerned about the situation," said Dhawal Shah, Vice-President of the Material Recycling Association of India, a body that tracks the country's scrap market.

Vedanta recently shut down a smelter in Tamil Nadu

"Even if I am not a direct consumer of cathode, if there is a squeeze on availability, it will have an impact on the price," he said.

Rising demand

The Vedanta closure will cut the country's production of refined copper by 40 per cent to 510,000 tonnes in the year through March, Care Ratings' Jagasheth said. But with Hindalco supplying about 80 per cent of that and so much slated for export, the amount available locally is a lot less. Still, there may be fewer exports as some metal is diverted to domestic users, she said.

Consumption in the country is set to expand more than 15 per cent to 535,000 tonnes through March, Jagasheth said. Demand will continue rising, reaching almost 2 million tonnes a year in the next decade, driven by infrastructure, power and railways, Hindalco estimated last year. Plans to increase the country's fleet of electric vehicles will also boost usage, she said.

Scrap imports may also increase. There will be a bit of a squeeze and those consumers who can replace cathode with pure quality of scrap, may be prompted to look overseas, said Shah from the recycling group. About 80,000 tonnes of copper scrap was imported in the year through March 2017, he said.

"India's need for more copper adds to tightness globally at a time when prices are near the highest in more than four years on fears of supply disruption in Chile, said He Xiaohui, an analyst with researcher Beijing Antaike Information Development in Beijing.

BUSINESS LINE DATE: 15/6/2018 P.N.4

Karnataka steel companies want NMDC to slash iron ore prices

SURESH P IYENGAR

Mumbai, June 14

The Karnataka Iron and Steel Manufacturers Association has written a letter addressed to Piyush Goyal, Finance Minister, Narendra Singh Tomar, Minister for Mines, and Chaudhary Birender Singh, Minister for Steel, on the prevailing high iron ore prices in State which were pushing up the cost of steel production, particularly when the demand is reviving.

Requesting the government not to allow NMDC, the largest miner in the State, fix the base price of iron ore artificially high in the e-auction, the association said steel companies are not able to pass on the incremental cost as other companies in neighbouring States are offering steel at a lower price due to cheap raw material availability.

RK Goyal, Managing Director, Kalyani Steel and Vice-President of Karnataka Iron and Steel Manufacturers Association, told *BusinessLine* that the iron ore prices in Odisha should be the base price for e-auction in the State as it is a free market and there are no restrictions on output like in Karnataka. "While steel companies in the State are losing about ₹1,200-1,500 a tonne depending on the iron ore grade they use, miners cannot be allowed to jack up prices with a profiteering motive," he said.

The Government should instruct the state-owned NMDC to reduce the prices rather than cutting down its production in the pretext that there is no demand for iron ore in the State, the association said in the letter.

Seshagiri Rao, Joint Managing Director, JSW Steel, said of the overall iron production capacity of 30 million tonne per annum in Karnataka, NMDC alone produces about 12 mtpa while private miners have capacity of 17 mtpa and Mysore Minerals produces about 1 mtpa.

NMDC had increased lump ore price by ₹150 to ₹3,050 a tonne and price of fines by ₹100 to ₹2,660 a tonne in May.

"If NMDC and other miners are claiming that there is no demand for iron ore in the State then what is the reason for an increase in prices," Rao asked.

BUSINESS LINE DATE: 15/6/2018 P.N.14

Comex gold futures consolidate; charts 'friendly'

GNANASEKAAR T

Comex gold futures, hit a two-week high on Thursday, supported by a weaker dollar and trade worries between Washington and Beijing, even as the US Federal Reserve forecast a slightly faster pace of interest rate hikes this year. The US President Donald Trump will meet with his top trade advisers on Thursday to decide whether to activate threatened tariffs on Chinese goods.

The US Federal Reserve raised interest rates on Wednesday, and signalled two additional hikes by the end of this year, compared to one previously. Policy makers' fresh economic projections, also issued on Wednesday, indicated a slightly faster pace of rate increases in the coming months. They see another three rate increases next year, a pace unchanged from their projections in March. Individual Fed policy makers have expressed concerns about the economic risks of a broad tit-for-tat tariff retaliation, but have said they would not change their policies or forecasts until those risks are realised.

Bullish picture

Comex gold futures are still consolidating but the charts are turning friendly. As mentioned earlier, though, the overall picture still hints at bullishness ahead, the near-term has been neutral to mildly bearish hinting at further weakness ahead. As we have been maintaining for a while, the medium-term picture still holds some promise, therefore caution should be exercised on getting excessively bearish too. From the bottom at $1,045 in December 2015, prices have been making higher so far in 2017, a clear sign of a rising trend, which has made us believe the bigger picture to be supportive despite strong corrective declines from time to time.

A positive trigger for the medium-term in sustaining the uptrend is likely to be above a close of $1,375 levels. In the coming week dips could be held near $1,297/1,295 for a recovery towards $1,308 or even $1,315 area. It must dip below $1,292 to hint at the possibility of falling towards 1,278 again. However, rise above $1,315 levels could see prices testing the next resistance at and move higher towards $1,325 levels subsequently. Failure to cross $1,310-1,320 levels could drag prices lower again to $1,278 which is not our favoured view. Our favoured view expects prices to edge higher to $1,308-1,310 levels. Only a close above $1,335 could revive hopes for a retest of $1,365 or even higher. There is no clear directional move expected, but one needs to watch the break of $1,315 on the upside and $1,286 on the downside for further clues.

Wave counts

We will take a look at the wave counts now and understand the possible scenarios that can unfold going forward. It is most likely that the fall from the all-time highs at $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, to this decline, 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 $1,450-1,475 in the form of wave "B". We will reasses around $1,450-1,470 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, Buy Comex gold on dips to $1,295-1,296 with stop loss at $1,286 targeting $1,315 followed by $1,325.

Supports are at $1,295, $1,285 and $ 1,260 and resistances are at $1,310, $1,325 and $1,355.

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JSW Infra Aims to Invest ₹5,100 cr in Expansion

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Mumbai: JSW Infrastructure, the port operating arm of the JSW Group, aims to spend ₹5,100 crore for capacity expansion till 2020, by which time it also aims for its maiden public issue of shares, its CEO said in a recent interview.

The company had in 2015 charted a five-year capex plan of ₹10,000 crore. That was later optimised to ₹8,800 crore of which it has already spent ₹3,700 crore BVJK Sharma told **ET**.

The money will be spent in more than doubling its total annual cargo handling capacity to 200 million tons from 75 million tons.

Sharma said the ports business aims to end this financial year with an earnings before interest, taxes, depreciation and amortisation (Ebitda) of ₹800 crore but with the group company expansions and resultant increase in business, may triple it to ₹2,400 crore by 2020. He also said the company aims to reach 70% utilisation levels at its faciltities, up from 40% now. These two benchmarks will make it IPO ready by December 2020, he added.

"In line with the other businesses of the group and the growth plans of steel, energy, cement, we are working with them to see how best we can provide logistics support to our own verticals..and then offer capacity to non-group players and sweat the assets that we create," said Sharma.

The company currently has three operating terminals: at Jaigarh and Dharamtar, Maharashtra and in Goa. The capacity at Jaigarh port will be doubled to 80 million tons, while the berth at Goa will be increased to 15 million tons. The Amba riverbed that has the Dharamtar port near JSW Steel's Dolvi plant will be dredged to allow bigger vessels. There is also a fresh 50 million ton facility coming up at Paradip, Odisha which will spur the company's third-party revenue.

The company is also looking at setting up a port city in Jaigarh, a dry port in Kolhapur and is looking at sites for greenfield ports in Odisha, Maharashtra and Karnataka.

Sharma said half of the planned capex will come from internal accruals while the remainder will be funded via debt.

The company's plans closely follow its group companies' expansion trajectory as most of its cargo—about 90%— comes from captive sources.

The group's flagship venture - JSW Steel in May said it has a capital expenditure plan of ₹44,000 crore by the end of March 2020, increasing the number from the earlier earmarked ₹26,800 crore.

THE ECONOMIC TIMES DATE: 15/6/2018 P.N.8

INDEX RECAST on June 18 will give pharma its lowest weightage at 1.7% in eight years; banking retains heavyweight position led by HDFC Bank, tech second

Vedanta in Sensex, Dr Reddy's Third Pharma Stock to Exit

Our Bureau

Mumbai: India's healthcare sector will have the lightest weighting in eight years on the benchmark Sensex when Dr Reddy's Labs exits the crucial gauge next week after a tepid run from the entire pharmaceuticals industry since 2015.

In December, two pharmaceutical stocks — Lupin and Cipla — had been replaced by YES Bank and IndusInd Bank in the Sensex as part of the reconstitution.

Any change in index weights can result in portfolio churns for major funds in the long run.

With the inclusion of Vedanta in the benchmark, the metal sector weight will increase to 2.6% from 1%, but it is still far from the peak of 8.1% in FY11.

The Sensex, a gauge comprising 30 top shares, is set to be reconstituted on Monday, June 18.

The Sensex EPS for FY19 and FY20 will see upgrades of 1.7% and 1.8%, primarily due to a higher increase in free float PAT as the free float market cap of the new stock to be included is 1.7 times of the stock to be excluded from the index, according to a study by Motilal Oswal Securities.

The brokerage now estimates Sensex EPS at ₹1,870 for FY19, up 36% year-on-year and ₹2,241 for FY20, an increase of 20% YoY. Excluding corporate banks (SBI, ICICI Bank, and Axis Bank), Sensex constituents are expected to post 24% profit growth for FY19.

Over the years, the sectoral representation in the Sensex has undergone a sea change in consonance with the changes in the underlying economy. New businesses have evolved, while some of the erstwhile dominant sectors have lost relative importance.

The banking and financial sector will have a weight of 40.4%, the highest, with private banks at 28.8% and PSU banks at 3%.

Technology has the second highest weight in the Sensex at 12.7%. Auto has bridged the gap versus technology, especially over the past two years. The gap between auto and technology has narrowed from 710 bps in FY 2016 to 250 bps now.

With the change in constituents, HDFC Bank will lead the Sensex weightage with 11.8%, followed by Reliance Industries (9.1%), and HDFC (8.7%).

Weights of capital goods and telecom are now at all-time lows of 4.7% and 1.2%, respectively. Notably, telecom's weight is down from 8.6% in FY08. Both sectors have representation of just one stock each — Larsen & Toubro and Bharti Airtel.

Changing Sectoral Weights (%)

SECTOR	FY08	FY18	FROM JUNE 18
Auto	3.8	10.5	10.2
BFSI	21.1	40.8	40.4
Capital Goods	10.7	4.9	4.7
Cement	3.5	0.0	0.0
Consumer	7.4	11.2	11.5
Healthcare	2.1	2.4	1.7
Infrastructure	1.5	0.9	0.9
Metals	4.6	1.4	2.6
Oil & Gas	19.3	10.4	10.5
Real Estate	1.5	0.0	0.0
Technology	11.8	12.1	12.7
Telecom	8.6	1.4	1.2
Utilities	4.2	4.1	3.7
SENSEX	100.0	100.0	100.0

SOURCE: Motilal Oswal Securities