खनिज समाचार

KHANIJ SAMACHAR

VOL 1 NO-7

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL 1 NO-7, 16th – 31st JULY, 2017

BUSINESS LINE

DATE: 17/7/2017 P.N. 8

Gold snaps out of a losing trend

But the broader picture is still weak as key resistances ahead may slow the up-move

GURUMURTHY K

After falling more than 3 per cent over two weeks, gold prices managed to reverse higher last week. The yellow metal bounced back to close 1.3 per cent higher last week at $1,228.7 per ounce. Prices began edging higher since the beginning of the week. However, the reversal gained momentum on Friday due to weak data release from the US.

Silver, on the other hand, snapped its five-week fall by surging 2.4 per cent last week to close at $15.99 per ounce.

On the domestic front, gold futures contract on the Multi Commodity Exchange (MCX) was up 0.8 per cent last week and has closed at ₹27,996 per 10 gm. The MCX-Silver futures contract closed at ₹36,970 per kg and was up 2 per cent.

Dollar beaten down

The dollar index was pulled down on Friday due to weak US economic data release. The US Consumer Price Index was unchanged as against the market expectation of a 0.1 to 0.2 per cent increase in June. US retail sales also fell 0.2 per cent in June, raising concerns on economic growth. Both sets of data boosted hopes that the US Federal Reserve would not move aggressively in hiking interest rates.

The dollar index (95.11) was down 0.9 per cent last week and is hovering above a key support level of 95. Resistance is at 95.5. The support at 94.7 is likely to be tested this week. A break below it will see the index falling to 94 or even lower. Such a fall may limit the downside in gold and can take prices higher. On the other hand, if the dollar index manages to sustain above 94.7 and bounces higher, it can move up to test the resistance at 95.5 in the coming week.

US housing starts data and the European Central Bank (ECB) and the Bank of Japan meeting are the key events to watch this week.

Gold outlook

The global spot gold ($1,228 per ounce) may struggle to extend the up-move in the coming week as a series of key resistances is ahead. Immediate hurdle is at $1,230. A break above it can take the prices higher to $1,235 and $1,240 which are the next significant resistances.

Gold has to surpass $1,240 decisively to minimise the downside pressure.

A downward reversal from any of the above mentioned resistances can drag the prices lower to $1,220 and $1,210 once again.

Also, as long as the yellow metal remains below $1,240, the possibility of prices falling to $1,200 and $1,190 cannot be ruled out.

On the domestic front, the MCX-Gold (₹27,996 per 10 gm) futures contract has a key resistance at ₹28,140. A strong break above it may ease the downside pressure and take the contract higher to ₹28,550 or even ₹28,700.

But a pull-back move from ₹28,140 may keep the contract under pressure. In such a scenario, the contract can fall to ₹27,600 and ₹27,400 in the coming days.

Silver outlook

The global spot silver ($15.99) has resistance at $16.25 which can be tested initially this week. A break above this hurdle can take the prices higher to $16.7 or $16.9. But a downward reversal from the $16.25 resistance can take silver lower to $15.5 and $15.25 once again.

The MCX-Silver (₹36,970 per kg) futures contract has resistance at ₹37,250. A break above it can take the contract higher to ₹37,700 or even ₹38,000.

But a reversal from ₹38,000 can drag the contract lower to ₹37,000. In such a scenario, a range-bound move between ₹36,000 and ₹38,000 is possible for some time. On the other hand, if the silver contract fails to break above ₹37,250, it can fall to ₹36,000.

A further break above ₹36,000 will increase the likelihood of the contract falling to ₹35,000 or even ₹34,000.

MCX Gold
Supports
₹27,600 | ₹27,400
Resistances
₹28,140 | ₹28,550

MCX Silver
Supports
₹36,000 | ₹35,000
Resistances
₹37,250 | ₹37,700

BUSINESS LINE

DATE: 17/7/2017 P.N. 8

GLOBAL

Metals ($/tonne)	Price	Change in % Weekly	Monthly	Yearly	52-Week High	Low
Aluminium	1908	-0.5	1.9	14.2	1962	1545
Copper	5905	1.7	4.2	20.0	6145	4573
Iron Ore	63	4.0	15.1	7.6	95	54
Lead	2296	0.7	11.7	21.4	2466	1784
Zinc	2786	-0.2	12.5	27.5	2971	2087
Tin	19890	1.1	2.8	10.1	21945	17673
Nickel	9530	7.3	7.3	-7.7	11735	8710

BUSINESS LINE
DATE: 18 /7/2017 P.N. 3

ACC profit up 33% in June quarter on strong demand

Net sales rise 18%; operational expenses up 17% on higher power bill, freight cost

OUR BUREAU
Mumbai, July 17

Cement maker ACC has reported 33 per cent growth in net profit in the June quarter at ₹326 crore (₹246 crore) on the back of higher volume and better realisations.

Net sales grew 18 per cent to ₹3,329 crore (₹2,827 crore).

The company has announced a dividend of ₹11 a share. Sales volume was up 10 per cent at 6.74 million tonnes (612 mt).

Operational expenses were up 17 per cent at ₹3,507 crore (₹2,986 crore) due to 39 per cent increase in power and fuel bill at ₹685 crore and 35 per cent rise in freight and forwarding cost. Neeraj Akhoury, Managing Director, said the company's efforts to clarify value propositions and customer-focussed guidance has driven significant commercial performance.

The direction to harness current strengths and develop new competencies has resulted in launch of new brands and improve plant performance, he added.

The company aims to be a preferred partner for projects supporting government priorities on infrastructure, affordable housing and building smart cities, he said.

The company has implemented GST with effect from July 1 and has got its entire vendor and customers GST-ready, thus streamlining operations.

ACC has ramped up production at the newly commissioned integrated plant in Jamul resulting in higher volume in Eastern region. It has launched ACC Suraksha and ACC HPC which has received good response and improved its margin.

The company's ready-mix concrete sales volume increased six per cent to 0.67 million cubic metres during the quarter on supply to projects in diversified segments and large housing projects in metropolitan areas, it said.

The company expects demand to improve due to good monsoon, launch of smart cities, improvement in urban infrastructure and housing projects. The launch of GST will also get higher volumes for organised cement companies, it said.

The company's scrip was down 0.08 per cent at ₹1,751 on Monday.

THE TELEGRAPH
DATE: 18/7/2017 P.N. 9

Sales prop for ACC

A STAFF REPORTER

Calcutta, July 17: ACC Ltd has recorded a 32.6 per cent growth in consolidated net profit for the April-June quarter, helped by growth in sales volume.

The cement major's net profit stood at Rs 326 crore during the quarter against Rs 246 crore in the corresponding period a year ago.

On the back of a 10.1 per cent growth in sales volume, ACC has recorded a consolidated sales turnover of Rs 3,329 crore during the quarter compared with Rs 2,827 crore in the previous year, a growth of 17.8 per cent.

The results were ahead of the market expectations of around a 6 per cent growth in sales volume.

STRONG NUMBERS

Capacity expansion helped ACC to post higher sales.

"The speedy ramp-up of the Jamul integrated project (in Chattisgarh) enabled the company to reap benefits and strengthen its market presence in the eastern region," ACC said.

The company has added 2.79 million tonnes per annum of clinker capacity in Jamul.

"The direction for both the cement and the ready-mix businesses has been to harness the current strengths and develop new competencies which resulted in the launch of brands," said Neeraj Akhoury, managing director and CEO of ACC.

The board of directors of the company approved an interim dividend of Rs 11 per equity share of Rs 10 each, the same amount paid in 2016.

After an initial spike, ACC shares ended at Rs 1751.25 on the BSE, down 0.08 per cent over the previous close.

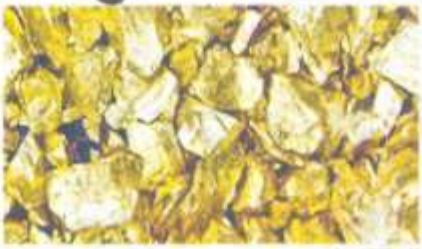
NAVBHARAT

DATE: 18/7/2017 P.N. 4

अजब-गजब

जियोलाजिकल सर्वे आफ इंडिया के वैज्ञानिकों ने पानी के नीचे भारतीय प्रायद्वीप के आसपास लाखों टन कीमती धातुओं और खनिजों की खोज की है. पहली बार लगभग 2014 में मंगलुरु, चेन्नै, मन्नार बसीन, अंडमान और निकोबार द्वीप और लक्षद्वीप के आसपास समुद्री संसाधनों को पहचाना गया था. जिस मात्रा में वैज्ञानिकों के हाथ लाइम मड, फोसफेट-रिच और हाइड्रोकार्बन्स जैसी चीजें मिली हैं, उससे अंदाजा लगाया जा रहा है कि पानी के और भीतर वैज्ञानिकों को और बड़ी सफलता मिल सकती है.

वैज्ञानिकों ने की लाखों टन कीमती धातुओं की खोज



3 वर्ष की खोज के बाद, जियोलाजिकल सर्वे आफ इंडिया ने 181,025 वर्ग किमी का हाई रेजोल्यूशन सीबेड मोरफोलाजिकल डेटा तैयार किया है और 10 हजार मिलियन टन लाइम मड के होने की बात कही है. तीन अत्याधुनिक अनुसंधान जहाज समुद्र रत्नाकर, समुद्र कौस्तुभ और समुद्र सौदीकामा को इस मदद में लगाया गया है. जीएसआई के सुपरिंटेंडेंट जियोलाजिस्ट आशीष नाथ ने बताया कि इसका मुख्य मकसद मिनरलाइजेशन के संभावित इलाकों की पहचान करना और मरीन मिनरल संसाधनों का आकलन करना है.

BUSINESS LINE

DATE: 18/7/2017 P.N. 16

Resistance may cap the rally in MCX-aluminium

GURUMURTHY K
BL Research Bureau

The Aluminium futures contract on the Multi Commodity Exchange has reversed higher in the past week. The 200-day moving average, at ₹121 a kg, has provided support and the contract has reversed higher after recording a low of₹120.90 on Wednesday.

It is currently trading at ₹124.1. Though a rise to test the ₹125.5-₹126 resistance region cannot be ruled out, only a decisive break above ₹126 will turn the outlook positive.

Inability to break above₹126 may pull the contract lower to ₹121 once again. Such a reversal will keep the channel movement that has been in place since March intact. A subsequent fall below ₹121 can drag the contract lower to ₹120 or ₹119 thereafter.

Traders who have initiated short positions on rallies at ₹124.5 can hold on. Retain the stop-loss at ₹127 for the target of ₹120. Revise the stop-loss lower to ₹123.5 as soon as the contract moves down to ₹122.5.

The bearish view mentioned above will get negated if the MCX-Aluminium futures contract breaches decisively above₹126. Such a break can take the contract higher to ₹127.5 initially. A further break above ₹127.5 can boost the momentum and will increase the likelihood of the contract targeting ₹130.

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

LOKMAT

DATE:18/7/2017 P.N. 7

भारताभोवतीच्या समुद्रांत मिळाले अमाप खनिजसाठे

कोलकाता : भारतीय द्विपकल्पाच्या सभोवताली असलेल्या समुद्रांच्या तळाशी लाखो टन बहुमोल खनिजांचे साठे असल्याचे आढळून आले आहे. हाती आलेली माहिती प्राथमिक असून अधिक खोलवर पाहूनही मोठे खनिजसाठे दडलेले असण्याची शक्यता आहे.

भारतीय भूगर्भविज्ञान सर्वेक्षण विभागाने (जिओलॉजिकल सर्वे ऑफ इंडिया-जीएसआय) गेली तीन वर्षे समुद्रकिनाऱ्यापासून आत २०० किमी पर्यंत असलेल्या भारताच्या 'विशेष आर्थिक क्षेत्रात' केलेल्या सर्वेक्षणात या अमाप सागरी खनिजसंपत्तीची ओळख झाली आहे.

या तीन वर्षांत 'जीएसआय'ने 'समुद्र रत्नाकर', 'समुद्र कौस्तुभ' आणि 'समुद्र सौदिकमा' या अत्याधुनिक सर्वेक्षण जहाजांच्या मदतीने १,८१,०२५ चौ. किमी सागरतळाच्या सुस्पष्ट प्रतिमा घेऊन या संभाव्य खनिजसाठ्यांची बहुमोल माहिती गोळा केली आहे. ही माहिती फक्त सागरतळाच्या पृष्ठभागाची आहे. या तळाच्या खाली आणखी खोलवर उत्खनन केल्यास यापेक्षाही मोठे खनिजसाठे असावेत याचे हे द्योतक मानले जात आहे. सन २०१४ मध्ये मंगळूर, चेन्नई, केरळमधील मन्नारचे आखात, अंदमान आणि निकोबार बेटे व लक्षद्वीप बेटे यालगतच्या समुद्रात या खनिजसाठ्यांचा सर्वप्रथम शोध लागला होता. त्यानंतर अधिक मोठ्या क्षेत्राचे सर्वेक्षण हाती घेण्यात आले. यात चुनखडीयुक्त माती, फॉस्फेट आणि कॅल्शियमसमृद्ध गाळ, हायड्रोकार्बन, लोहखनिज आणि खनिजयुक्त खडे यांचे मोठ्या प्रमाणावर साठे आढळून आले. यापैकी चुनखडीयुक्त मातीचे साठे भारताच्या संपूर्ण विशेष आर्थिक क्षेत्रात विखुरलेले असून ते १० हजार दशलक्ष टन असावेत, असा अंदाज आहे.

कुठे काय सापडले?

फॉस्फेटयुक्त गाळ : कारवार, मंगळूर-चेन्नईनजीक

गॅस हायड्रेट : मन्नारचे आखात, अळप्पुळा, केरळ

कोबाल्टयुक्त लोह : मॅंगनीज चुरा- अंदमान समुद्र

मॅंगनीजयुक्त लघुगंड : लक्षद्वीपभोवतीचा समुद्र

चुनखडीयुक्त माती : संपूर्ण विशेष आर्थिक क्षेत्र

जेथून खनिजांचे उत्खनन केले जाऊ शकेल, असे भाग शोधणे व सागरतळाशी किती खनिजसंपत्ती असू शकेल, याचा अंदाज घेणे या उद्देशाने हे सर्वेक्षण हाती घेण्यात आले आहे. - आशिष नाथ, अधीक्षक भूगर्भविज्ञानिक, जीएसआय

THE HITAVADA

DATE: 19/7/2017 P.N. 10

Steel manufacturing cost to rise as power out of GST

Business Bureau

THE Steel Ministry has expressed concerns that cost of steel manufacturing will increase as electricity, being one of the major inputs, has been kept out of the Goods and Service Tax (GST).

The concerns were expressed at a recent meeting of the ministry with the Prime Minister's Office, a Government official said. "Electricity being a major input for steel industry will increase the cost of manufacturing if it remains out of the GST," the official said. The concerns were also expressed by the steel ministry during the meeting that the Clean Energy Cess of Rs 400 per tonne which was being charged pre GST remains effectively non-cenvatable in the new regime.

Natural gas, one of the inputs used in manufacturing sponge iron/Hot Briquetted Iron, an intermediate product used in steel making, has been kept out of GST purview. Under the previous regime, a partial was available, the official said.

"However, in the new regime, the tax paid on the natural gas is a cost and no input tax credit is available on the same," the official added. The Steel Ministry is also of view that royalty is charged on iron ore at 15 per cent of the base price and is yet not cenvatable. Besides, Forest Development Fee (FDF) and similar charges like contribution in District Mineral Foundation and National Mineral Exploration Trust, which are in the nature of tax, need to be subsumed in GST, the official said. The steel industry had earlier in the month said that with GST roll-out the unorganised players in the sector will have to move to organised form of doing business. GST — India's biggest tax reform since independence — was rolled out this month, unifying more than a dozen central and state levies.

THE INDIAN EXPRESS DATE: 19/7/2017 P.N. 13	BUSINESS LINE DATE: 19 /7/2017 P.N.18

INSOLVENCY PROCEEDINGS

Essar Steel seeks time from NCLT

ENS ECONOMIC BUREAU
AHMEDABAD, JULY 18

ESSAR STEEL on Tuesday sought time from the National Company Law Tribunal (NCLT) to file its objections regarding the insolvency proceedings initiated by its lenders - State Bank of India (SBI) and Standard Chartered Bank. This follows the dismissal of its petition by the Gujarat High Court on Monday.

A single-judge bench at the Ahmedabad NCLT of Justice Bikki Raveendra Babu has scheduled the case for July 24. The court has, meanwhile, directed Essar Steel to file its submission by July 22. Essar Steel owes lenders around Rs 45,000 crore, of which Rs 31,671 crore has become non-performing assets (NPAs) as on March 2016.

Essar Steel lawyers sought time from NCLT saying their petition in the High Court was against the RBI and it needs some more time to file its reply in the insolvency case.

SBI and Standard Chartered Bank referred Essar Steel to NCLT in June to initiate insolvency proceedings following a June 13 circular by the central bank, directing banks to initiate insolvency proceedings against 12 companies. On July 4, Essar Steel had moved the Gujarat High Court challenging RBI's directive and managed to get a temporary stay on NCLT proceedings.

However, the court's recent dismissal of Essar Steel's petition paved the way for the company's lenders to continue their proceedings before NCLT where the matter was listed for hearing. FE

'IBC: Banks need to set aside ₹18K cr in FY18'

Mumbai: Resolution of the 12 large, Reserve Bank-identified dud assets under provisions of bankruptcy code will require Rs 18,000-crore additional minimum provisioning and impact banks' profitability by 25 per cent in FY18, India Ratings said on Tuesday. "Indian banks need to provide a bare minimum Rs 18,000 crore additionally towards the 12 accounts identified by the Reserve Bank of India (RBI) for reference to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code (IBC) in FY18," the domestic rating firm said. PTI

Gold touches two week high, oil moves up

REUTERS
London July 18

Gold prices hit a two-week high on Tuesday as the dollar fell on fading prospects of an imminent increase in US interest rates and expectations of stronger demand from the physical market.

Spot gold was up 0.5 per cent at $1,240.51 an ounce at 1346 GMT, having touched $1,242.52, its highest since July 3. US gold futures rose 0.2 per cent to $1,239.80. The dollar sank to a 10-month low against a basket of currencies, making dollar-denominated metals cheaper for holders of other currencies, which could boost demand.

"We see gold averaging around $1,300 over the third quarter," said ING commodities strategist Warren Patterson.

"Indian imports are rising after the very poor year last year. We expect that trend to continue even with the tax changes." Data from consultancy GFMS shows India's gold imports climbed to an estimated 75 tonnes in June from 22.7 tonnes a year earlier. For the first half of the year imports rose to 514 tonnes, up 161 per cent year on year.

Silver gained 1 per cent to $16.23 an ounce . Platinum gained 0.4 per cent to $925.1 while palladium slipped by 0.1 per cent to $863.7.

Oil prices rose on Tuesday as demand soaked up some of the surplus supplies from OPEC and the United States, but traders said the market remained in a tight range and showed few signs of big short-term moves.

Benchmark Brent crude was up 70 cents at $49.12 a barrel by 1335 GMT, while US light crude oil was 65 cents higher at $46.67.

THE TIMES OF INDIA

DATE: 19 /7/2017 P.N. 5

Low coal offtake leaves WCL ₹750 crore in the red

Lower Interest On Reserves, Wage Hike To Cost Co

Shishir.Arya@timesgroup.com

MORE PRODUCE, LESS SALE

- WCL was left with 6 million tonnes of coal from cost plus mines
- This was due to disputes with the buyer
- Income from interest on reserves went down
- Unions worried about likely manpower cut
- Wage hike led to major outflow
- Company hopes things may improve in current year
- Demand has seen a major hike
- Despatches up by 24%

Nagpur: Low offtake of coal, especially by the power sector, has left Western Coalfields Limited (WCL), one of the major PSUs operating in the region, in losses. Even as output was jacked up by the company, which is a subsidiary of Coal India Limited (CIL), demand for coal did not meet the production. At the same time, a wage hike too left its impact on the company's profitability.

WCL, which will be announcing its financial results soon, has booked a loss of Rs750 crore for the fiscal ending March 2016, said sources. After incurring operating losses from 2011-12 to 2013-14, the company saw a turn around in financial year 2015-16. Now, it's in losses again, said sources privy to the development.

Despite operational losses for three years till 2013-14, WCL could record financial profits. This was due to the interest income on reserves parked with banks. Last fiscal, there was a major fall in the interest income, which led to financial losses, say sources.

Operational losses or profits mean the difference between income purely from sales or any core activity, and expenditure incurred in the business. Despite operational loss, a company can still register profits if income from other sources, like interest, exceeds the expenditure.

A low demand from the power sector has been dogging the coal industry, which has left its impact on WCL too. The company, on the other hand, had stepped up its production and was left with surplus stock, said sources.

Last year, WCL mined 46 million tonnes of coal out of which 6 million tonnes was blocked due to dispute. The coal was from the mines where rates are on cost-plus basis. The same coal will be auctioned this year. This year as much as 4 million tonnes of surplus stock was cleared.

The company hopes that things will improve in the current fiscal. There has been a sudden rise in demand for coal in the first half of the current year. The dispatches have gone up by 24% according to year on year basis. WCL is also looking for mines in other states like Orissa, where the operational cost is less. Considering the geological conditions in Central India, the cost incurred in mining coal is higher here.

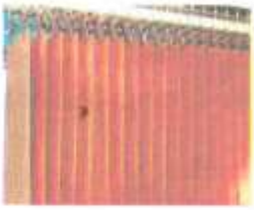
Unions are, on the other hand, concerned that the losses may lead to manpower cuts. Joint Secretary of Koyla Shramik Sabha Deepak Chaudhary said the management should not resort to manpower reduction in order to prevent losses. He said the company needs to change its policy and restrict capital expenditure. The company had dipped into its reserves to open 18 new mines.

BUSINESS LINE
DATE: 19/7/2017 P.N. 18

MCX-zinc consolidates within an uptrend

GURUMURTHY K
BL Research Bureau

The Zinc futures contract on the Multi Commodity Exchange (MCX) has been oscillating around ₹180 a kg for more than two weeks. Barring the spike in the past week to a high of ₹185, the contract has been broadly stuck in the band between ₹177 and ₹183. A breakout from this sideways consolidation will determine the next trend for the contract.



The bias is bullish on the chart. A key support is at ₹175. The contract will come under pressure only if it declines below this support.

But the presence of a trendline as well as the 200-day moving average at around ₹175 makes it a strong support. This leaves a lower possibility of the contract breaking below ₹175 in the coming days even if it breaks the current sideways range below ₹177.

The MCX-Zinc futures contract is more likely to break the range above ₹183 in the coming days. Such a break can take it to ₹185 once again. A further strong break above ₹185 will pave the way for a fresh rally to ₹193 and ₹195.

Traders with a medium-term perspective can make use of dips to go long at ₹178. A stop-loss can be placed at ₹171 for the target of ₹195. Revise the stop-loss higher to ₹180 as soon as the contract moves up to ₹186.

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

BUSINESS LINE DATE: 20/7/2017 P.N. 12

Cement majors put up a strong show in June quarter

ANALYSIS

MUTHUKUMAR K
BL Research Bureau

The stock prices of the top two cement players—ACC and UltraTech Cement — were down marginally post announcement of their results. However, both companies managed to improve their bottomlines during the June quarter of 2017.

Net profit was up 15 per cent for UltraTech Cement over the previous year, while it was up a huge 33 per cent for ACC. While ACC reported a profit after tax of ₹326 crore, it was ₹897 crore for UltraTech.

While improvement in price realisation helped UltraTech put up better financial numbers, it was volume growth from its expanded capacity that provided the booster for ACC. ACC and UltraTech reported sales of ₹3,329 crore and ₹6,938 crore, respectively, for the June quarter, up 18 per cent and 6.2 per cent, respectively. Volumes were up 10 per cent for ACC to 6.7 million tonnes (mt) on the back of new capacity addition made in the East. Volume growth was stronger compared to the 4 per cent volume growth witnessed in the March quarter.

In contrast, volumes remained at about the same level for UltraTech at 13.2 mt during the June quarter of 2017, compared to the previous year. The results of Ultratech include those of the cement plants of Jaiprakash Associates and Jaypee Cement (totalling 21 mt) acquired with effect from June 29.

Power and fuel costs weighed heavily on the cement manufacturers. It was up 33 per cent for UltraTech and 19 per cent for ACC. Pet coke prices were up 100 per cent y-o-y, while coal prices also increased. Moreover, material costs were up with increase in slag prices, thanks to the shortage of this input.

ACC has one of the highest cost structures in the industry which is weighing heavily on its stock valuations.

Valuations

The share price of both ACC and UltraTech are up about 30 per cent since the start of the year. The stock of ACC is currently quoting at an enterprise value of $143 a tonne, close to its replacement value. The stock of UltraTech Cement was quoting higher at $203 a tonne; being given a substantial premium for its market leadership and efficient operations.

Outlook

While ACC's volume growth is encouraging, it also largely came from its expanded capacity. For UltraTech Cement, merger saved the day. With the onset of monsoons, cement demand could slow down over the next few quarters. Investors should sit on the fence till they spot signs of broad-based pick-up in demand.

THE ECONOMICS TIMES

DATE: 20 /7/2017 P.N. 8

NCLT Reserves Order on Bhushan Steel, Bhushan Power & Steel

During hearing, tribunal asks why RBI's circular was needed for lenders

OUTSTANDING

Bhushan Steel's lender SBI has filed a claim for ₹4,295 cr and $490 m as foreign currency loan

Our Bureau & Agencies

New Delhi: The National Company Law Tribunal (NCLT) has reserved its order over the bankruptcy petitions filed by lenders against Bhushan Steel and Bhushan Power & Steel. A bench headed by Justice MM Kumar reserved the order.

NCLT had issued notices to both firms last week over insolvency proceedings initiated by their lenders and the companies were directed to file their reply. Both petitions were filed under Section 7 of the Insolvency and Bankruptcy Code (IBC), 2016, where the financial creditor initiates insolvency proceedings with a claim.

In the case of Bhushan Steel, its counsel argued that 65% loan shown by SBI was for working capital and hence it was not a defaulter. "The 65% debt shown by the bank (SBI) as a default is for working capital...There is no default notice on working capital, but it is for debt," said Bhushan Steel's counsel.

Lead banker to Bhushan Steel, the State Bank of India, had filed the claim to recover ₹4,295 crore from the company and $490 million as foreign currency loan.

Meanwhile, counsel for Bhushan Power & Steel, Mahesh Agarwal, managing partner, Agarwal Law Associates, said: "We did not object to the appointment of an IRP (interim resolution professional) in the interests of the company."

The company has an outstanding debt of over ₹37,000 crore. Punjab National Bank is the lead banker to Bhushan Power & Steel.

Bhushan Power & Steel is managed by Sanjay Singal, while Bhushan Steel's non-executive chairman is Brij Bhushan Singal and the managing director is Neeraj Singal.

During the proceedings, the tribunal wanted to know why the Reserve Bank of India (RBI) had to issue a circular for the lenders to file for insolvency cases. "We were wondering what was the necessity for RBI to issue (circular) direction to file? Are the banks not responsible enough?" it observed. State Bank of India' counsel replied: "We have statutory remedy and we have exercised it."

Bankruptcy proceedings have been initiated against other companies including Electrosteel Steels and Lanco Infratech, Alok Industries and Jyoti Structures which are among the 12 companies identified by the RBI for insolvency proceedings.

THE HITAVADA
DATE: 21/7/2017 P.N. 10

'Cement demand growth likely to recover by 5 pc'

■ Business Bureau

COUNTRY'S cement demand growth is expected to recover to around 5 per cent during FY18, driven by a pick-up in the infrastructure and housing segments, a report said.

"We expects cement demand growth to recover to around 5 per cent during FY2018 as against a decline of 1.2 per cent in FY2017, driven by a pick-up in the infrastructure segment, mostly road and irrigation projects and the housing segment," ICRA said in a report.

While in the short term, demonetisation has had a negative impact on real estate and construction activities and hence on the cement off-take, the impact has started to subside from Q1 FY2018 driven by a pick-up in the infrastructure segment.

"Further, the increased budgetary allocation for the infrastructure sector, which includes roads, railways, metro, irrigation and housing, during FY2018 will directly and indirectly support cement demand," said ICRA Ratings senior vice president & group head Sabyasachi Majumdar.

The higher rural credit and increased allocation for rural, agricultural and allied sectors, including the demand for rural housing, are significant contributors to the overall cement demand mix, added Majumdar.

Cement prices have also recovered from February 2017 and reached pre-demonetisation levels in most markets by April 2017. While improvement in the supply-demand scenario in FY2018 is expected to support the cement prices going forward, sustenance of the same is critical, given the rising costs, ICRA further said in the report.

THE HITAVADA
DATE: 21 /7/2017 P.N. 11

Hindustan Zinc Q1 net profit zooms to Rs 1,876 cr

NEW DELHI, July 20 (PTI)

VEDANTA Group firm Hindustan Zinc Ltd (HZL) on Thursday posted 81 per cent jump in net profit to Rs 1,876 crore for quarter ended June 30, 2017 helped by better pricing and higher volume.

The company had posted a net profit of Rs 1,037 crore in the corresponding quarter of previous fiscal, HZL said in a filing to the Bombay Stock Exchange (BSE).

The total income during April-June quarter stood at Rs 5,543 crore, registering an increase of 61 per cent over the year-ago period.

THE TELEGRAPH
DATE: 21 /7/2017 P.N. 11

Coal supply gap remains

A STAFF REPORTER

Calcutta, July 20: Coal imports by India will continue despite efforts by the Centre to step up production to bridge the demand-supply gap. Market analysts expect both thermal and coking coal prices to fall in 2017-18, thus bringing down the import bill marginally.

Union coal and power minister Piyush Goyal said in the Lok Sabha today that the coal demand-supply gap will continue.

"The gap between demand and supply of coal cannot be bridged completely as there is insufficient domestic availability of coking coal and power plants designed on imported coal will continue to import for their production," he said.

Provisional data suggests that against a total demand for 838.68 million tonnes in 2016-17, the total domestic supply was 647.73 million tonnes. The country imported 190.95 million tonnes by spending Rs 10,0231.3 crore.

Although in volume terms, coal imports in 2016-17 were lower compared with 2015-16 (203.95mt), the import bill was higher on account of a rise in both thermal and coking coal prices in the second half of the year.

The Niti Aayog has estimated coal demand to be 908.40mt in 2017-18 and production between April and June was 159.38mt.

Coal market analysts have estimated coal prices to marginally soften this fiscal.

According to India Ratings and Research, price assumption for the benchmark thermal coal (Newcastle 5500 calories) in 2017-18 is around \$60 per tonne compared with \$66 per tonne in the fourth quarter of 2016-17. Similar assumption for coking coal imports is \$150 per tonne compared with \$222 per tonne in the fourth quarter of 2016-17.

"Although coking coal prices are likely to weaken in 2017-18 because of a production recovery in Australia and China, the average price for the full year may continue to remain high compared with the first half of 2016-17 because of continued supply side constraints and low inventory levels," said India Ratings and Research in its note.

Higher-than-expected volume ramp-ups by large miners, proliferation of renewables, downward revision of royalties and taxes are among the downward risks for coal prices.

The government today also said that coal cess (Rs 400 per tonne) will contribute to the GST compensation fund.

FUEL FUTURE

BUSINESS LINE
DATE: 21 /7/2017 P.N. 15

BUSINESS LINE
DATE:21/7/2017 P.N. 2

Goa to auction mining leases

Panaji, July 20

Iron ore mining leases that have not been renewed by the Goa government will be auctioned when their term expires in 2020, the Assembly was informed on Thursday. Chief Minister Manohar Parrikar said there are 188 leases for iron-ore mining that have not been renewed by the government and they would be put up for auction when their extended contract term ends, less than three years from now. Parrikar said there are currently 277 valid iron-ore mining leases in the State. PTI

Cement demand to rise 5% this fiscal

Infrastructure, housing segments to drive revival

OUR BUREAU
Mumbai, July 20

Cement demand is expected to increase by 5 per cent this fiscal against 1.2 per cent last year, largely driven by a revival in demand from the infrastructure segment, mostly road and irrigation projects, and the housing segment.

Domestic cement production fell by 1.2 per cent year-on-year to 279.8 million tonnes last fiscal for the first time in the last decade. In fact, sales volume were down 9 per cent between November 2016 and March due to the demonetisation impact. However, since April, it has recovered to register a growth of 17 per cent. With rising demand, cement prices have also increased

across most markets on the back of a better supply-demand scenario and support prices, with operational cost rising.

Sabyasachi Majumdar, Senior Vice-President, ICRA Ratings, said that while cement plants in the northern region are likely to pass on the rising sosts of power, fuel and freight, the profitability of cement plants in other regions may depend on the sustainability of higher prices.

The slowdown in the pace of new capacity addition may boost capacity utilisation and cement prices going forward, he added.

Input costs up

Energy and freight costs have been rising on the back of an increase in the prices of pet coke, coal and diesel. Though pet coke prices have softened, they are still higher by about 60 per cent compared to last year.

Given the large usage of pet coke across companies and the low-cost pet coke inventory with companies fast depleting, the full impact of higher pet coke prices will start eating into profits. While diesel prices declined by about 6 per cent month-on-month in April, they are higher by about 13 per cent compared to last year.

THE HINDU

DATE:22/7/2017 P.N. 16

THE HINDU

DATE:22/7/2017 P.N. 16

Tohoku Steel to start plant in Sri City

K.T. JAGANNATHAN
CHENNAI

Tohoku Steel India Private Ltd., a wholly-owned unit of Tohoku Steel Co. Ltd. of Japan, is setting up a facility at Sri City, near here, to manufacture heat-resistant stainless steel for making automobile engine valves.

The plant, which will come up on a six-acre plot in the domestic tariff area (DTA) of Sri City, is expected to involve an investment of about ₹80 crore.

"With the presence of major OEMs such as Isuzu, Kobelco Group and more than 17 automotive ancillary industries from Japan, South Africa, India, and Bahrain, there exists a strong ecosystem for automobile sector in Sri City," said Ravindra Sannareddy, founder managing director, Sri City.

Gold demand slips in Asia on prices, consumption

Absence of festivals, end of wedding season damp buying

REUTERS
MUMBAI/BENGALURU

Gold demand in Asia eroded this week due to higher prices with a seasonal slowdown denting the lure for the precious metal in second-biggest consumer India.

Discount given

Dealers in India offered discounts for gold, as the absence of key festivals kept demand subdued, especially as the wedding season has passed.

"Every year, demand remains weak in July. There is no major festival this month. Wedding season is almost over," said Harshad Ajmera, the proprietor of JJ Gold House, a wholesaler in the eastern Indian city Kolkata.

"For the next three to four weeks, demand will remain on the lower side. It will improve from the second half of August."

Dealers were offering a discount of up to $1 an ounce this week over official domestic prices, compared to a discount of $1.20 last week, said four sources from jewellers, banks and gold dealers. Local gold prices have risen 2.7% since July 10 after falling to the lowest level in 6 months.

"The recent rebound in prices is also keeping buyers on the sidelines. They are waiting for a clear trend," said a Mumbai-based dealer.

"Demand has softened again at current price levels. It had picked up when gold was trading closer to $1,200, but has again abated as the market waits for a clearer indication as to which way it may swing," said Cameron Alexander, an analyst with metals consultancy GFMS.

Price rebound is keeping buyers away. • REUTERS

THE INDIAN EXPRESS
DATE: 22 /7/2017 P.N. 2

Skirting Supreme Court ban, Govt says drilling not mining

JAY MAZOOMDAAR
NEW DELHI, JULY 21

OVERTURNING ITS May 15 decision to "plug permanently" gas extraction wells falling within 1 km of a wildlife sanctuary, the standing committee of the National Board for Wildlife (NBWL) cleared it on June 27 based on a legal opinion from the Environment ministry that drilling for oil and gas "is not covered under mining".

Ruling on the Jamua Ramgarh (Sariska) mining case in 2006, the Supreme Court prohibited mining activities within 1 km of all wildlife sanctuaries and national parks.

In the Oilfield (Regulation and Development) Act, 1948, "mine means any excavation for the purpose of searching for or obtaining mineral oils and includes an oil well". The safety issues involved in oil extraction are regulated by the Director General of Mines Safety and the Oil Mines Regulations, 1984 made under the Mines Act, 1952.

Before Phase III of the Dirok gas field development project of the Hindustan Oil Exploration Company Ltd (HOECL) — it is in Tinsukia district of Assam — came up before the NBWL this year, the Environment ministry itself noted that "it is not clear how two appraisal wells were drilled within 1 km of the Protected Area by the user agency" since the permission given in 2015 was for drilling 1.5 km away from the Dehing Patkai wildlife sanctuary.

On May 15, while clearing Phase III of the project, the NBWL, in line with the 2006 order of the Supreme Court, stipulated that "wells within 1 km distance of the boundary of the sanctuary shall be plugged permanently and no oil/gas stalled be extracted from such wells".

Following HOECL's request to "review and remove the condition", the ministry's Impact Assessment (IA) division on June 21 wrote a note, arguing that while mining was listed under item 1(a) of the schedule of activities in the Environment Impact Assessment Notification 2006, item 1(b) provided for oil and gas exploration, development and production.

Based on this note, the ministry's Legal Monitoring Cell provided an opinion on June 23 that the 2006 Supreme Court judgment was "not applicable in the case under reference" as drilling for oil and gas wells is "not covered under mining." It added that the IA division was at liberty to take the opinion of the Law ministry on the issue.

The Environment ministry, however, went ahead and placed the matter before the NBWL on June 27. Several members, it is learnt, questioned the merit of the ministry's legal opinion at the meeting but eventually conceded that "they were experts in matters of conservation and not law".

"After discussion," stated minutes of the June 27 meeting released Friday, "the Standing Committee (of the NBWL) came to the conclusion that oil drilling activity is a separate activity from mining as per EIA notification and agreed to the waiver of the condition of plugging permanently the wells located within 1 km distance from the boundary of the sanctuary".

Dr H S Singh, member of the NBWL standing committee, said while the board went by the ministry's view that drilling could not be considered a mining activity, the "definition" remained open to scrutiny by legal authorities.

"This was discussed at length and I expressed my views which I cannot share outside. A decision was taken subject to the legal opinion of the ministry that oil and gas extraction is not mining. But the Law ministry may have a different view. People may even move court seeking an interpretation (of the judgment concerned)," Singh told The Indian Express.

Siddhanta Das, Director General and Special Secretary, Ministry of Environment and Forests, and Soumitra Dasgupta, Inspector General (Wildlife), declined comment.

The NBWL is a statutory body set up under the Wildlife Protection Act, 1972, and serves as the apex body dealing with all wildlife-related matters and approval of projects in and around sanctuaries and national parks. While the board is headed by the Prime Minister, the Environment minister chairs the meetings of its standing committee.

THE HITAVADA DATE: 22 /7/2017 P.N. 11

Gold imports jump to $11.25 bn

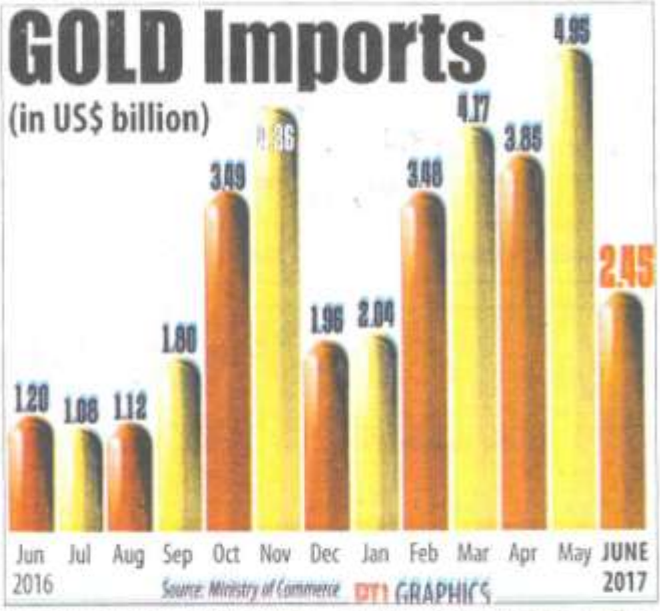
NEW DELHI, July 21 (PTI)

THE country's gold imports more than doubled to USD 11.25 billion during the first quarter of this fiscal, driven by seasonal and festival demand. Gold imports stood at USD 4.90 billion in April-June 2016-17, according to the data of the Commerce Ministry.

Increase in the imports influences India's current account deficit (CAD).

In June this year, the imports of the precious metal had risen to USD 2.45 billion from USD 1.20 billion in the same month previous year. Surge in gold imports in June contributed to the widening of trade deficit to USD 12.96 billion as against USD 8.11 in June 2016. Silver imports in June, however, dipped by 28.6 per cent to USD 178 million.

India is the world's second biggest gold consumer after China. The imports mainly take care of demand by the jewellery industry. At present, gold import attracts 10 per cent duty. The gems and jewellery industry along with the Commerce Ministry have time and again urged the Finance Ministry to consider a cut in the import duty. During April to Dec period of last fiscal ended March 31, the current account deficit halved to 0.7 per cent, from 1.4 per cent a year ago.



THE HITAVADA

DATE: 23/7/2017 P.N. 9

Hindustan Zinc (HZ IN)

MARGINAL miss; zinc prices to drive earnings. Top takeaways from Q1FY18: Sales (Rs 50.1bn, -1% vs. estimates) missed due to lower sales volume (2% below estimates); Operating profit at Rs 23.8bn was 4% below estimates as mine mix impacted costs. Expected to reverse in H2; Net profits were 4% above estimates at Rs 18.8bn, led by higher other income; Net cash & cash equivalents stood at Rs 170bn.

Key Highlights: Lower production from open-cast mines dented costs in Q1. However, this is expected to reverse in H2, as production ramps up from these mines. Zinc/lead/silver sales at 190kt/34KT/110 tonnes were -2%/-2%/+6% vs. estimates. The company maintained its guidance of 950KT of refined integrated metal and 500+ tonnes of silver. Strong outlook for zinc prices will drive its profitability. We raise our FY19 zinc price estimate to US$ 3,000 from US$ 2,800 earlier and maintain our FY18 zinc price estimate at US$ 2,800.

Outlook and Valuation: We revise our zinc price estimate to US$ 3,000 from US$ 2800 in line with HZÆs outlook of strong zinc prices. Outlook on profitability looks robust with firm zinc prices and costs expected to come down from next year as HZ commissions it shafts.

We raise our FY19 operating profit estimates by 11% on higher zinc prices and lower costs. We also increase our target price to Rs 320 from Rs 290 earlier and upgrade the stock to BUY from Neutral. The company offers strong dividend yield of 2.5%.

THE TELEGRAPH

DATE: 24 /7/2017 P.N.10

Muted selloff signals in steel

JAYANTA ROY CHOWDHURY

New Delhi, July 23: The government plans to stay invested in RINL, or the Vizag Steel Plant, as it believes the huge investment of Rs 12,300 crore will pay off after a revamp.

It also wants RINL to explore automobile grade steel even as SAIL is negotiating with Arcelor-Mittal for a joint venture in a similar area.

Steel minister Chaudhary Birender Singh said there would no "quick exits" in Durgapur's Alloy Steel Plant and two other PSUs, proposed by the Niti Aayog.

"My experts tell me that with 90 per cent of the work done and over Rs 12,000 crore invested, it does not make sense to sell stakes in RINL at this stage. It would be better for us to stay invested and see the project turn around," Singh said in an interview to **The Telegraph**.

The Vizag Steel Plant (Rashtriya Ispat Nigam Ltd) incurred a net loss of Rs 1,421 crore during 2015-16, leading to demands of a stake sale in the standalone facility. However, the proposal was shelved following resistance from Chandrababu Naidu's Telegu Desam Party for which the Vizag plant represents the largest single manufacturing investment in the state.

RINL, which recently completed a 6.3-million-tonne expansion with an investment of Rs 12,300 crore, is undertaking capital repairs and modernisation of blast furnaces and critical equipment with an outlay of Rs 4,000 crore to increase its capacity by one million tonne.

"We think we can nurture it (Vizag) towards viability," said Singh, who added that moves to privatise Alloy Steel Plant, Bhadravati (formerly VISL) in Karnataka and the Salem Steel Plant in Tamil Nadu will take time.

"As you know, we need three kinds of valuations for such sales... appointing them, getting their reports takes time. So there will be no quick exits," said the minister.

Singh said SAIL was still in talks for an auto grade steel joint venture with the Mittals, but he would also like "RINL to explore a similar joint venture".

"We are trying to be a global hub for automobiles. We need far more production of this grade of steel or else we will be forever importing auto grade steel into the country," he added.

SAIL and Arcelor Mittal's $1-billion automotive steel joint venture, decision on which is slated to be taken over the next few months, has been stuck on account of several factors. While SAIL is not willing to pay technical fees demanded by the Mittals, the two are yet to arrive at a consensus on the price of semi-finished steel to be sold by the PSU and the stakes to be held by each.

In February, the Prime Minister's Office had written to the steel ministry, seeking a status report on the project for which a memorandum of understanding had been signed in 2015. The Mittals had sought a resolution to the venture.

MINISTRY DRAWS UP ROAD MAP

Divestment quakes

- Divestment in Vizag Steel unlikely. Steel ministry wants Rs 12000-crore expansion plan to yield benefit
- Privatisation of Durgapur's Alloy Steel, Bhadravati (Karnataka) and Salem Steel (Tamil Nadu) will take time
- Vizag Steel to explore possibility in auto-grade steel; working on a joint venture with ArcelorMittal

Value-addition challenge

- Govt thrust on auto-grade and electric grade steel
- Tech transfer issues put off SAIL venture with Posco on high quality electric grade CRGO steel

Chaudhary Birender Singh

Tech transfer

Singh said India required "specialised grades of steel – auto steel and electric grade steel. We have a target of producing 50,000 tonnes of electric grade steel for instance in SAIL. The problem is getting technology transfer".

SAIL has been trying to enter joint ventures for both cold-rolled grain oriented (CRGO) and cold-rolled non-grain oriented (CRNO) steel, both of which are electric grade steel.

However, CRGO, or grain-oriented electrical steels, are typically used for transformer cores and large generators in coal, gas and nuclear-based power plants and are priced higher.

SAIL had entered into talks with Korean major Posco for a joint venture, but it did not materialise because of differences over transfer of technology and stakes.

The Korean steel maker wanted to transfer CRNO and not the coveted CRGO technology.

SAIL already makes CRNO steel at Rourkela, though of an inferior quality compared to Posco but does not make CRGO steel, which commands a huge premium worldwide.

Only a handful of companies, including Posco and US-based Armco, have this technology, while many entities around the world have CRNO technology.

BUSINESS LINE

DATE: 24/7/2017 P.N. 8

Metals ($/tonne)						
Aluminium	1892s	-0.8	1.9	19.3	1962	1545
Copper	5971	1.1	4.4	20.2	6145	4573
Iron Ore	69	10.1	25.5	28.3	95	54
Lead	2212	-3.6	2.3	19.6	2466	1784
Zinc	2748	-1.4	4.4	22.2	2971	2087
Tin	20440	2.8	4.2	14.7	21945	17725
Nickel	9469	-0.6	5.8	-11.7	11735	8710

BUSINESS LINE

DATE: 24/7/2017 P.N. 17

PM reviews UDAY, mineral auctions

New Delhi, July 23

Prime Minister Narendra Modi reviewed the progress of the Ujwal DISCOM Assurance Yojana (UDAY) and Mineral Block auctions on Friday. An official statement said: "The Prime Minister emphasised on a roadmap for faster operationalisation of mines, post-auction." The PM also called for greater coordination between all mineral-related departments during the survey and mapping of geological potential regions. OUR BUREAU

THE TELEGRAPH
DATE: 24 /7/2017 P.N.10

Gold surges as dollar gets beaten down

Outlook remains positive as greenback can fall further

GURUMURTHY K

Gold prices surged in the past week, breaking above a key resistance level of \$1,240 per ounce and closed at \$1,255 per ounce, up 2.1 per cent for the week. Silver, on the other hand, rose 3.3 per cent last week and closed at \$16.52 per ounce.

On the domestic front, the gold futures contract on the Multi Commodity Exchange (MCX) was up 1.9 per cent last week and closed at ₹28,541 per 10 gm. The MCX-Silver futures contract closed at ₹38,150 per kg, up 3.2 per cent for the week.

The US dollar, which was beaten down by a strong surge in the euro, helped bullion prices gain sheen. The European Central Bank (ECB) in its monetary policy meeting last week announced that it will continue its stimulus until December 2017 and discuss tapering in autumn (September to November). The euro got a boost from the ECB meeting outcome and knocked down the dollar index.

The dollar index declined sharply last week, breaking below a key support level of 94.45, and fell to a low of 93.85 before closing at 93.97, down 1.2 per cent for the week.

The dollar index may continue to trade weak. Immediate resistance is at 94.35, which may cap the upside in the near term. A fall to 93.4 or even 93 is likely in the coming days. A further break below 93 may drag it lower to 92.2 thereafter. Such a fall in the dollar index will aid gold prices to surge higher in the coming days.

Gold outlook

The sharp bounce-back move in the last two weeks suggests that the global spot gold price (\$1,255 per ounce) is range-bound between \$1,200 and \$1,300. Strong support is in the \$1,240-\$1,235 region, which can limit the downside in the near term. A rise to \$1,260 and \$1,265 is likely in the coming days. A strong break above \$1,265 will increase the likelihood of prices rallying to \$1,280 and \$1,300 thereafter.

The MCX-gold futures contract (₹28,541 per 10 gm) has immediate resistance between ₹28,600 and ₹28,700. A strong break above ₹28,700 can take the contract higher to ₹29,000 and ₹29,100 this week. But inability to breach the immediate hurdle at ₹28,700 may trigger an intermediate pull-back move to ₹28,200 or ₹28,100.

Silver outlook

Global spot silver (\$16.52 per ounce) can extend its up-move to test the resistance at \$17 this week. Inability to break above \$17 can pull the prices lower to \$16.5 and \$16.3.

In such a scenario, a range-bound move between \$16 and \$17 is possible for some time. Key support is in the \$16.15-\$16 zone which is likely to limit the downside in the near term. On the other hand, if silver breaks above \$17 decisively in the coming days, the up-move will extend to \$17.3 and \$17.5.

MCX-Silver (₹38,150 per kg) managed to close above ₹38,000 last week. If it sustains above ₹38,000, it can rise to ₹38,500 and ₹39,000 in the coming days. A decisive break above ₹39,000 can ease the downside pressure and increase the likelihood of the contract revisiting ₹40,000 levels thereafter.

Key support for the contract is in between ₹37,500 and ₹37,450. The outlook will turn negative only if it declines below this support zone, which looks less probable at the moment.

MCX Gold
Supports
₹28,100 / ₹27,900
Resistances
₹28,700 / ₹29,100

MCX Silver
Supports
₹38,000 / ₹37,450
Resistances
₹38,500 / ₹39,000

BUSINESS LINE
DATE: 25/7/2017 P.N. 16

MCX-Aluminium may remain range-bound

GURUMURTHY K
BL Research Bureau

The Aluminium futures contract on the Multi Commodity Exchange is stuck in a narrow range between ₹121.45 a kg and ₹123.5. Within this range the contract is currently trading at ₹122.20 a kg. The immediate outlook is not clear.

The 200-day moving average is acting as a support at ₹121.3, while the 100-day moving average is a resistance at ₹123.65. The contract may remain range-bound between the support and resistance. A breakout on either side of ₹121.3 or ₹123.65 will determine the next trend.

A break below ₹121.3 can take the contract lower to ₹119.85 initially. A further fall below ₹119.85 can then drag the contract lower to ₹118.75 or ₹118.50. On the other hand, if the MCX-Aluminium futures contract breaks above the 100-day moving average hurdle at ₹123.65, it can rise to ₹125.35 or ₹126. If the contract manages to rise past ₹126 decisively, it can gain momentum. Such a break will increase the likelihood of it going to ₹127.8 thereafter.

Traders can wait for the contract to breakout on either side of ₹121.3 or ₹123.65. Long positions can be initiated if the contract breaks above ₹123.65. A stop-loss can be placed at ₹122 for the target of ₹127. Revise the stop-loss to ₹124 as soon as the contract moves up to ₹125.

BUSINESS LINE
DATE: 25 /7/2017 P.N. 4

29 mineral blocks auctioned

New Delhi, July 24

A total of 29 mineral blocks with a combined estimated resources of ₹1.56 lakh crore have been auctioned so far in Andhra Pradesh, Chhattisgarh, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha and Rajasthan, said Mines Minister Piyush Goyal in a written reply to the Rajya Sabha. Till March 31, a total of 21 mineral blocks have been auctioned. The estimated total value of resources of these mines is ₹93,190 core, he said, adding that eight more mineral blocks have been auctioned subsequently. He further said 11 mineral blocks are proposed to be auctioned in Chhattisgarh, nine in Jharkhand and seven in Odisha. PTI

BUSINESS LINE
DATE: 25/7/2017 P.N. 3

Ambuja Cement consolidated net up 12% on higher realisation

OUR BUREAU
Mumbai, July 24

Ambuja Cement has reported 12 per cent increase in June quarter consolidated net profit at ₹716 crore (₹642 crore) on the back of higher realisation.

Net sales were up 15 per cent at ₹6,145 crore (₹ 5,359 crore). The company has declared an interim dividend of ₹1.60 a share.

Sales volume were up five per cent at 6.05 million tonnes (5.76 mt).

Ajay Kapur, Managing Director, said the company has managed to register higher Ebitda, despite rising cost, especially that of power and fuel, due to focus on value added products and price premium on its products.

"Our investment in concrete laboratories, technical services and new products is paying off. We had maintained the brand equity and premium pricing due to clearly defined product and services," he said.

Operating Ebitda was up 21 per cent at ₹1,290 crore (₹1,068 crore). The company's subsidiary ACC net profit was up 33 per cent at ₹326 crore, while net sales increased 18 per cent to ₹3,329 crore.

Standalone net down

On a standalone basis, net profit was down 13 per cent at ₹392 crore (₹452 crore) due to higher operating cost. The company attributed the fall in net profit to the variation in dividend paid by its subsidiary ACC.

Last June quarter, the profit was boosted by a dividend of ₹56 crore paid by ACC, while the same was received in the March quarter this year. Net sales were up 12 per cent at ₹2,823 crore (₹2,528 crore). Overall cost rose to ₹2,770 crore (₹2,474 crore).

Operating Ebitda was up 9 per cent at ₹651 crore (₹598 crore). The company expects the implementation of simplified tax structure GST to improve ease of doing business and benefit overall economy in the long run.

The company's scrip was up one per cent at ₹268 on Monday.

THE ECONOMIC TIMES
DATE: 25 /7/2017 P.N. 14

Insolvency action. Essar Steel seeks dismissal at NCLT

ENS ECONOMIC BUREAU
AHMEDABAD, JULY 24

ESSAR STEEL on Monday sought dismissal of an application for insolvency proceedings at the National Company Law Tribunal (NCLT) in Ahmedabad on technical grounds. The company was referred to the bankruptcy court by State Bank of India (SBI) and Standard Chartered Bank last month.

Essar Steel contended that the signatory of the application filed at NCLT did not have any authorisation of such powers by the SBI chairman.

"The signatory of the application does not carry any such authorisation as required under Section 27A of SBI Act. Therefore, the application by SBI is incomplete and not maintainable till the signatory is authorised," the counsel argued. The case will again be heard on Tuesday.

Essar Steel owes lenders around Rs 45,000 crore, of which Rs 31,671 crore have become non-performing as of March 2016.

The company argued that the appointment of an interim resolution professional (IRP) should be done separately and not simultaneously with the admission of the insolvency proceedings against it.

"A separate hearing has to be given for appointment of the IRP, within 14 days of admission of application for insolvency proceedings," the counsel contended, citing Section 16(1) of the Insolvency and Bankruptcy Code (IBC), 2016, which states that the adjudicating authority "shall appoint an interim resolution professional within 14 days from the insolvency commencement date".

Meanwhile, Standard Chartered Bank and SBI have named different IRPs for Essar Steel. While SBI in its application suggested Satish Kumar Gupta of Alvarez and Marsal India as the IRP, Standard Chartered Bank suggested Dinkar Venkatasubramanian of EY. FE

BUSINESS LINE
DATE: 26/7/2017 P.N. 3

Vedanta net up 67% on higher revenue from zinc, oil and gas

First quarterly results after Cairn India, Vedanta merger 'promising'

OUR BUREAU
Mumbai, July 25

Vedanta, a diversified metal and energy company, has reported 67 per cent increase in June quarter consolidated net profit at ₹2,270 crore (₹1,358 crore) on the back of higher contribution from the recently merged subsidiary Cairn India and metal business in India.

Revenue from operations was up 26 per cent at ₹19,342 crore (₹15,310 crore). Income from oil and gas business increased 21 per cent at ₹2,275 crore (₹1,885 crore), while that of metals was up 90 per cent to ₹4,478 crore (₹2,354 crore).

Ebitda during the quarter was up 40 per cent at ₹4,965 crore (₹3,539 crore).

However, net profit during the quarter is down 48 per cent compared with ₹4,226 crore recorded in the March quarter.

Similarly, net sales were down 19 per cent compared to March quarter sales of ₹22,371 crore. The company attributed the fall in profit and sales on sequential basis due to higher contribution by Hindustan Zinc in the March quarter.

In the last five months, the company has repaid debt of ₹9,000 crore to deleverage balance sheet and reduce interest outgo.

Tom Albanese, Chief Executive Officer, said oil and gas has delivered strong set of numbers, while zinc was supported by higher production and rising prices on the back of global supply deficit.

Tom Albanese, CEO, Vedanta

"This is the first quarterly results after Cairn India was merged with Vedanta and we are already realising the benefits of the diversified portfolio," he said.

Arun Kumar, Chief Financial Officer, said with the strong balance sheet the company is in a comfortable position to execute the planned capex of $1.2 billion this fiscal.

Despite net debt to Ebitda of 0.8, he said the company will continue to deleverage the balance sheet depending on growth opportunity.

Albanese said the Cabinet has recently cleared a policy to renew oil and gas production sharing contracts signed before the system of auction was introduced in 1999.

The 25-year lease period for Cairn India's Barmer oil block in Rajasthan expires in May 2020.

The government has agreed to renew the contracts provided the companies increase the government's share of profit.

With the reduction in debt, he said Vedanta is future-ready and will continue to focus on increasing production, optimising cost and remain disciplined on capex.

The company's scrip was up four per cent at ₹274 on Tuesday.

THE ECONOMIC TIMES

DATE: 26 /7/2017 P.N. 12

BIG BET Commodity giant is expecting good growth on strong spike in demand for aluminium and zinc in India and China

Vedanta Bets on Higher Prices, Improved Capacity

Rakhi Mazumdar@timesgroup.com

Kolkata: Vedanta is betting on a firming up of global aluminium and zinc markets and ramping up capacity to power its growth in the coming quarters, barring any major global economic shock, Tom Albanese, Group CEO said. Mine closures over last two years and the closure of capacity to curb pollution in China have contributed to tighter supply demand conditions globally. The present situation is in sharp contrast to the last 10 years or so, when demand for aluminium was always met by higher production in China.

Key takeaways from the company's first quarter results:

STRONG DEMAND

Aluminium and zinc demand awill be led by India and China. Higher demand for better buildings, automobiles, air conditioners and a better lifestyle will help Vedanta across its businesses, Albanese said.

HIGHER CAPACITY UTILISATION

Aluminium capacity to go up to 2 million tonne by end of FY18 from 1.4 mtpa now; top capacity of 2.3 mt to be achieved in FY19.

CAPEX FOR COPPER BUSINESS

Vedanta is investing ₹2,500-3,000 crore to double its copper smelting capacity at Tuticorin over the next 2-3 years. This year it is likely to spend nearly $100 million (around ₹700 crore) as optional capex on the project, according to the company's CFO Arun Kumar, CFO. Also planned for this year is a capex of around $1.2 billion to expand zinc mines and capacity and as capital for oil and gas business.

PARED DEBT

Gross Debt reduced by ₹9,000 crore in last four months. Net debt to EBIDTA ratio at 0.8x. With net debt under ₹20,000 crore, not much debt to be repaid. "We are comfortable where we are now," Kumar said.

FOCUS ON BOTTOM LINE

Vedanta's consolidated net profit more than doubled to ₹1,525 crore in Q1 FY18 even as revenues went up 27% YoY to ₹18,203 crore on higher zinc and aluminium volumes and higher prices, but partially offset by currency appreciation.

Operating profit (Ebitda) up 40% YoY to ₹4,965 crore. The merged entity "New Vedanta" will continue to focus on optimised costs and disciplined capex, Albanese said. The stock went up 3.66% to ₹274.40 at close on BSE.

NEXT MOVES

Vedanta also hopes to make an announcement about a successor to Albanese "soon". Vedanta would also be interested in the residual government stake in Hindustan Zinc "in any shape or form" as and when the disinvestment comes up.

THE INDIAN EXPRESS
DATE: 26 /7/2017 P.N. 13

THE HINDU
DATE:26/7/2017 P.N. 13

Vedanta Q1 net doubles on strong volume

ENS ECONOMIC BUREAU
MUMBAI, JULY 25

THE CONSOLIDATED net profit of diversified natural resources company — Vedanta— doubled to Rs 1,525 crore for the three months ended June 30, 2017 driven by strong volume growth and commodity prices of zinc and aluminium. This is the first reported quarter of the newly merged Vendanta and Cairn India.

The company had clocked a consolidated net profit (attributable before exceptional items) of Rs 754 crore during April-June 2016. Meanwhile, the company has planned a capital expenditure of $1.2 billion for FY18.

Tom Albanese, chief executive officer, Vedanta said, "There will be a combination of zinc projects at Hindustan Zinc, rebuilding volumes in oil and gas and possible doubling of copper smelter at Tuticorn."

Vedanta profit doubles on higher zinc prices

Short supply spurred earnings: CEO

SPECIAL CORRESPONDENT
MUMBAI

Billionaire Anil Agarwal-led Vedanta Limited's first quarter net profit doubled to ₹1,525 crore on the back of a 27% growth in revenue to ₹18,203 crore aided by higher zinc volume and prices.

Vedanta's earnings before interest, tax, depreciation and amortisation in the quarter grew 40% to ₹4,865 crore on a robust margin of 36%.

"Our zinc and oil & gas businesses have delivered a strong quarter," said Tom Albanese, chief executive officer, Vedanta Ltd.

"Zinc prices have strengthened... on continued global supply deficits. Our continued ramp up in the aluminium business has helped us exit the quarter on a strong production run rate of 1.4 mtpa," he said.

"We are realising the true benefits of Vedanta's diversified portfolio," Mr. Albanese added. The firm had cash and liquid investments of ₹48,318 crore, said a company statement, adding that Vedanta had "un-drawn committed facilities of $1.1 billion as on June 30."

Vedanta's gross debt stood at ₹67,342 crore and net debt was at ₹19, 024 crore. The company's shares rose 3.7% to close at ₹274.4 on the BSE.

Aluminium business ramping up has helped, says CEO Tom Albanese.

BUSINESS LINE

DATE: 26/7/2017 P.N. 7

BUSINESS LINE

DATE: 26/7/2017 P.N. 7

MCX-Copper gains momentum

GURUMURTHY K

BL Research Bureau

The up-move in the price of copper is gaining momentum. The copper futures contract traded on the Multi Commodity Exchange surged over 2 per cent on Tuesday and is currently trading at ₹400 per kg.

The copper price was under pressure and was on a strong downtrend between February and May. The price had reversed higher in May thereby reversing the downtrendin place since February.

The COMEX-Copper futures contract made a high of \$2.82 per pound in February and fell sharply to a low of \$2.47 per pound in May. The contract has reversed higher from this low and is trading near \$2.80. The MCX-Copper contract, which moves in tandem with COMEX-Copper, fell from a high of ₹415 in February to a low of ₹353 in May.

The short-term outlook is bullish. Key supports for the COMEX-Copper contract are at \$2.75 and \$2.71. If it manages to close decisively above \$2.80 per pound it can gain momentum. In such a scenario, there is a possibility of the contract rallying to \$2.95 or \$2.98 in the coming weeks.

But if the contract fails to extend its upmove strongly above \$2.80, a near-term pullback to \$2.75 or \$2.71 is possible. A further fall below \$2.71 is less probable.

On the domestic front, the contract has key supports at ₹390 and ₹385, which are likely to limit the downside in the short term.

Outlook bullish for MCX-Zinc

GURUMURTHY K

BL Research Bureau

The Zinc futures contract on the Multi Commodity Exchange (MCX) has reversed higher, as expected, from the support at ₹175 a kg. The contract declined below a key support at ₹180 last week.

However, the contract has managed to reverse higher again after touching a low of ₹174.7 on Thursday. This leaves the overall bullish outlook intact.

The contract is currently trading at ₹182.6. Immediate resistance is at ₹183. Inability to break above this hurdle can trigger a pull-back to ₹180 or ₹177 once again.

In such a scenario, the contract may remain range bound between ₹175 and ₹183 for some time.

But if the contract manages to break above ₹183 decisively, it can rise to ₹185 initially. A further break above ₹185 will increase the likelihood of the contract extending its rally to ₹190 and to ₹195 thereafter.

Traders who have taken long positions on dips at ₹178 can hold their positions. Retain the stop-loss at ₹171 and revise it to ₹180 as soon as the contract moves up to ₹186.

The contract will come under pressure only if it breaks below the key 200-day moving average support level of ₹175 decisively. The next targets will be ₹173 and ₹170. But such a strong fall looks unlikely at the moment.

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

THE ECONOMICS TIMES
DATE: 27/7/2017 P.N. 6

Vedanta Looks to Raise up to $1 b in Dollar Bonds

Move aimed to cut debt, fund its expansion plan

Saikat Das & Indulal PM

Mumbai: Metals magnate Anil Agarwal's Vedanta Resources would raise up to $1 billion in dollar bonds in the second such issue in six months, harnessing global liquidity to pare high-cost debt and build an expansion kitty ahead of the mining cycle turnaround. The sale is likely as early as next week, three people with direct knowledge of the exercise told **ET**.

Bankers from Barclays, JP Morgan, HSBC and Credit Suisse, and the London-based Vedanta are conducting investor road-shows in North America, Europe, Middle East and Asia. Bonds in the latest series would be due for redemption in either seven or 10 years.

"Bankers are now in talks with different global investors to gauge the market appetite. Vedanta has always been the favourite for investors, as it is an investment-grade corporate," said one of the sources cited above.

An e-mail sent to Vedanta seeking its comments on the bond sale remained unanswered until the publication of this report. Independent bankers were not available for comment.

In January this year, Vedanta Resources raise $1 billion by selling bonds to refinance its near-term debt obligations. The bonds were sold at a coupon of 6.375%, with a five-year maturity. The company used the proceeds to buy back two series of earlier bonds maturing in 2018 and 2019. The old series offered 9.5% and 6%, respectively.

When Vedanta raised $1 billion six months ago, the 10-year benchmark US paper yielded at around 2.50%, compared with 2.30% now. Against the dollar, the rupee has strengthened in the period to 64.36 from 68.07.

Moody's has rated Vedanta Resources as B3, the lowest in the investment grade. It does not anticipate downward rating pressure over the next 12-18 months, given the stable outlook, it said in a release a few months ago.

To be sure, Moody's cautioned that the rating grade could come under negative pressure if commodity prices decline, eating into Vedanta's margins.

On A Fund Trail

In January this year, Vedanta Resources raised **$1 billion**

Six months ago, the 10-year benchmark US paper yielded at around **2.50%** compared with 2.30% now

Investment grade bonds are priced after adding a spread or mark-up over and above US Treasury yields

Lower UST means cheap borrowing costs

SOURCE: Markets/Bloomberg

Investors are now convinced about the country's limited credit risk...
MARK AUSTEN
CEO, ASIFMA

THE HITAVADA
DATE: 27 /7/2017 P.N. 11

BUSINESS LINE
DATE: 27 /7/2017 P.N.16

India's crude steel output declines to 7.9 MT in June

NEW DELHI, July 26 (PTI)

THE country's crude steel production declined marginally by 1.1 per cent to 7.9 million tonnes (MT) in June, according to the latest report by World Steel Association. The steel output stood at 8 MT in the same month last year, it said. However, the domestic production in the first six months of 2017 increased by 5.3 per cent to 49.48 MT over 46.9 MT in the same period of 2016, the data said. Global steel production for the 67 countries reporting to World Steel Association was 141 MT in June this year, registering an increase of 3.2 per cent over 136.6 MT in June 2016. For the first six months of 2017, global steel production stood at 836.0 MT, up 4.5 per cent from 799.9 MT in the same period of 2016. While Japan produced 8.3 MT steel in June, a fall of 4.3 per cent from the year-ago period, the US produced 6.7 MT, down 1.7 per cent from 6.8 MT earlier. The crude steel capacity utilisation ratio of the 67 countries in June 2017 was 73 per cent. This is 1.4 percentage points higher than June 2016. Compared to May 2017, it is 1.3 percentage points higher, it said.

Copper goes red hot as prices rally to two-year high

BLOOMBERG

Copper surged to the highest level in more than two years, lifting shares of producers including Glencore Plc, on expectations that demand in China will fuel a global shortage, with plans in the country to curb metal-rich waste imports reinforcing a bullish outlook.

Benchmark three-month prices rallied as much as 2.8 per cent to \$6,400 a mt , the highest since May 2015, and were at \$6,296 at 11:09 a.m. in London. That's a fourth day of gains, and adds to Tuesday's 3.3 per cent jump.

"We're getting into rarefied air here, and we'll probably need an oxygen mask to move higher," said Robin Bhar, an analyst at Societe Generale AG.

Base metals have rallied in the past month as economists have become more upbeat about the trajectory of China's economy, while concerns over tightening liquidity in the world's top user have eased.

Initial data for July have added to a positive picture. The world's top metal user is also said to be planning a ban next year on some machinery waste imports and other items for the purpose of extracting scrap metal, which may reduce supply.

Glencore rose 1.5 per cent and BHP Billiton climbed 1.3 per cent in London.

"The market is very heated," Xu Maili, an analyst at Everbright Futures Ltd., said from Shanghai. "There is an outbreak of bullish sentiment following recent good macro data."

The ban, if enforced, may cut scrap imports by as much as 900,000 tonnes a year of contained copper, SMM Information & Technology Co. said in a note on its website, adding that some of the projected impact may be offset by increased local supply. Last year, scrap imports were about 3.3 mt , customs data show. Nationwide refined-copper consumption was 11.6 mt in 2017, according to the World Bureau of Metal Statistics.

Cutting pollution

The potential waste move, aimed at cutting pollution, will probably reduce imports of low-grade copper scrap, according to He Xiaohui, an analyst at state-backed researcher Antaike Information Development.

Still, the eventual impact may be limited as smelters buy higher-grade scrap instead, or improve the grades overseas before importing, He said by phone from Beijing.

THE INDIAN EXPRESS
DATE: 27/7/2017 P.N. 16

Bhushan Steel, Bhushan Power face insolvency action

SURYA SARATHI RAY
NEW DELHI, JULY 26

THE NEW Delhi bench of the National Company Law Tribunal (NCLT) on Wednesday admitted two separate insolvency petitions — State Bank of India (SBI) versus Bhushan Steel and Punjab National Bank (PNB) versus Bhushan Power and Steel. The two companies together owe banks more than Rs 80,000 crore, according to data sourced from Capitaline.

The principal bench comprising President M M Kumar and Member Deepa Krishnan appointed Vijaykumar V Iyer as the interim resolution professional (IRP) for Bhushan Steel and Mahender Kumar Khandelwal as the IRP for Bhushan Power and Steel. Iyer has also been appointed the IRP for Binani Cement.

Bhushan Steel, which owes banks a whopping Rs 44,447 crore had earlier objected to the insolvency proceedings alleging that SBI had inflated the dues by around Rs 100 crore.

The company's counsel had said that SBI classified both term loans and working capital as default debt but the company had not received a recall notice for the entire amount.

The counsel claimed 65 per cent of the debt referred to as default was in the form of working capital.

"By no stretch of imagination, the NCLT has been entrusted with the function to determine the amount of default. The only issue for us to examine is whether in terms of Section 4 of IBC the amount of default is rupee Rs 1 lakh or more than that, then the requirement stands satisfied," the bench observed in its final order.

The IRP, along with a committee of creditors (CoC), will come up with a resolution plan. If the committee is unable to find a solution within 180 days — this can be extended to 270 days — the company will be liquidated.

Other companies to be admitted to the NCLT include Jyoti Structures, Monnet Ispat, Alok Industries, Amtek Auto, Era Infra and Electrosteel Steels.

Last week, the privately held Bhushan Power, which owes lenders a little over Rs 37,000 crore had not objected to the insolvency proceedings but requested the court to ensure the company was treated as a 'going concern'.

Having heard the arguments, the tribunal had reserved its order at the previous hearing. FE

BHUSHAN STEEL OWES ₹44,447 CRORE

- Bhushan Steel, which owes banks Rs 44,447 cr had objected to insolvency proceedings alleging that SBI had inflated the dues by around Rs 100 cr
- The company's counsel had said SBI classified both term loans and working capital as default debt but the firm had not got a recall notice for entire amount

THE HITAVADA
DATE: 27 /7/2017 P.N. 11

BUSINESS LINE
DATE: 27/7/2017 P.N. 16

Mineral output falls in May

NEW DELHI, July 26 (PTI)

INDIA'S mineral output from the mining and quarrying sector fell marginally by 0.9 per cent in May 2017, with total production valued at Rs 19,944 crore.

"The index of mineral production of mining and quarrying sector for May (new series 2011-12=100) 2017, at 100.5, was 0.9 per cent lower compared to the level in May 2016," the Mines Ministry said in a statement.

The total value of mineral production -- excluding atomic and minor minerals -- in the country during May 2017 was Rs 19,944 crore, it added.

The near term view for MCX-Nickel is positive

GURUMURTHY K
BL Research Bureau

The Nickel futures contract on the Multi Commodity Exchange (MCX) has extended its rally towards ₹640 a kg in the past week, as expected. The contract made a high of ₹642.9 on Tuesday and has come off slightly from there.

It is currently trading near ₹637 per kg. Immediate support is at ₹627, which can limit the downside in the near term. Though a test of this support looks likely in the coming days, a break below it is less probable.

A subsequent reversal from ₹627 can take the contract higher to ₹640 levels once again. A strong break and a decisive close above ₹640 will boost the momentum.

Such a break will increase the likelihood of the contract rallying to ₹657 — the 38.2 per cent Fibonacci retracement or even to ₹665 - the 200-day moving average resistance .

Short-term traders who have taken long positions on dips last week at ₹615 can hold them. Revise the stop-loss higher to ₹620 for the target of ₹645.

The contract will come under pressure if it declines below the support at ₹627. Such a break can pull the contract lower to ₹615 or ₹610. A further fall below ₹610 is unlikely as the region between ₹615 and ₹610 is a strong support zone that can cushion the contract.

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

BUSINESS LINE

DATE: 28 /7/2017 P.N. 16

Comex gold in rising trend; buy on dips to $1,255-57/oz

GNANASEKAAR T

Comex gold futures rose for a second day on Thursday, hitting a six-week high as the dollar dropped to a 13-month low after the US Federal Reserve indicated it would keep to a slow path of monetary tightening.

Comex gold futures are moving perfectly in line with our expectations so far. As mentioned in the previous update, we expect a consolidation at these levels in the $1,231-41 range before edging higher again towards $1,260, where stronger resistance is noted.

Prices have crossed that level and are edging towards $1,277-78, a potential target area. Chances exist even for an extension even to $1,295 . Though not expected, a direct fall below $1,240 could cast doubts on our bullish view.

Such a move could see prices drop lower, towards $1,195, or even lower to $1,177, in the coming sessions. Dips to $1,257 followed by $1,248 are seen supportive in the coming sessions.

Favoured view

The favoured view expects prices to edge higher towards the resistances mentioned above. The trigger for such a rise could be on a close above $1,265, which could hint at a revival in upward momentum. It looks more likely that the supports at $1,255-60 will hold for a push towards $1,278-80 or even higher.

Wave counts: 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 or a complete correction of A-B-C ending with this decline.

Subsequent 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 . 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. But, a failure to follow through above $1,355 has dashed any hopes of any impulsive up move.

As prices have broken certain important supports and shown weakness targeting $975, we are tilted towards looking at this as a corrective wave C in progress.

Buy Comex gold on dips to $1,255-57 with a stop loss at $1,243 targeting $1,277 followed by $1,295. Supports are at $1,255, $1,245 and $1,227 and resistances are at $1,278, 1,295 and 1,305.

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

BUSINESS LINE

DATE: 28/7/2017 P.N. 16

MCX-Lead faces a key resistance point

GURUMURTHY K

BL Research Bureau

The Lead futures contract on the Multi Commodity Exchange (MCX) has managed to sustain above the key support level of ₹140 a kg and has reversed sharply higher in the past week.

The contract surged over 6 per cent to a high of ₹150 on Wednesday. But it has come off slightly from this high and is currently trading at ₹148. A key near-term resistance is in the ₹150-₹151 zone. A strong break and a decisive close above ₹151 is needed for the contract to gain fresh momentum. Such a break can take the contract higher to ₹153.5. Inability to break above ₹153.5 can trigger a pull-back move to ₹151-₹150 once again. But if the contract manages to break above ₹153.5 decisively, the upward move can extend to ₹155 initially. A further break above ₹155 will see the rally extending to ₹160 or even higher levels.

On the other hand, if the MCX-Lead futures contract fails to break above the immediate resistance at ₹151 in the coming days, then it can fall to ₹145. A further break below ₹145 will increase the likelihood of the down move extending to ₹143 and ₹141.

Short-term traders with a big risk appetite can wait for dips and go long if the contract reverses higher from ₹145. A stop-loss can be placed at ₹141 for the target of ₹152. Revise the stop-loss higher to ₹148 as soon as the contract moves up to ₹150.

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

BUSINESS LINE

DATE: 28 /7/2017 P.N.4

'Gem, jewellery industry must target 7% export growth'

OUR BUREAU

Mumbai, July 27

The government expects export growth of six per cent a year for the gem and jewellery industry, which is going to be the new normal.

The industry has already been priced out in the global market with 10 per cent import duty on bullion and intense competition countries such as Dubai and Thailand.

Speaking to media on the sidelines of the India International Jewellery Show, Manoj Dwivedi, Joint Secretary, Ministry of Commerce and Industry, said most developed countries have stopped the special preference given to India as exports from the country have crossed the threshold limit.

Going ahead, he said the gem and jewellery industry should strive to ensure that the growth does not slip and achieve at least six to seven per cent export growth.

Gems and jewellery net exports declined in FY16 to $32 billion, as compared to $36.2 billion the previous year. However, it recovered to register nine per cent growth to $36 billion in FY17.

"We have urged the Finance Ministry to reduce import duty on gold to two per cent from 10 per cent with the concern over high gold imports impacting Current Account Deficit fading. An announcement in the next Budget is expected," said Dwivedi.

Some of the decisions were held back due to the GST rollout, but now each one of them including cut in gold import duty will be taken up for consideration, he said.

The government is also looking into a report submitted by the industry on the procedural difficulty in complying with GST, he added.

The industry has demanded that instead of paying GST on goods made for exports and wait for reimbursement, the government should accept an undertaking by the exporter to exempt GST or devise a similar alternate mechanism so that working capital is not locked, he said.

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Short-term outlook is bullish for gold

Weak dollar and geo-political tensions keep the yellow metal on a strong footing

GURUMURTHY K

Gold prices in the international market have gained momentum, thanks to a weak dollar. The spot gold price which fell to a low of $1,243 per ounce in the initial part of last week, reversed higher to close at $1,269.6 per ounce, up 1.2 per cent for the week. Silver also reversed higher after an initial fall and has closed at $16.75 per ounce, up 1.4 per cent for the week. Both the metals have been rallying higher for three weeks now. Gold is up 4.7 per cent while silver has surged over 7 per cent in the past three weeks.

On the domestic front, the gains in the gold futures contract on the Multi Commodity Exchange (MCX) were limited as the rupee strengthened against the US dollar last week. The MCX-Gold futures contract closed the week at ₹28,580 per 10 gm, up marginally by 0.1 per cent. The MCX-Silver futures contract, on the other hand, had risen 0.8 per cent and closed at ₹38,460 per kg last week.

Supporting factors

Bullion prices, which were trading weak initially last week, got a boost from the outcome of the US Federal Reserve meeting on Wednesday. The Fed left the rates unchanged, raising concerns on inflation and stating that it is monitoring the developments closely. This increased speculation in the market that the Fed would go slow on raising interest rates. As a result, the dollar, which has been under pressure over the last few weeks, extended its down-move and helped gold prices go up. The political uncertainty within the US and the geo-political tensions as North Korea continues to test missiles, are also favouring the yellow metal.

The dollar continues to remain weak. The US dollar index has lost 2.8 per cent over the last three weeks. The dollar index (93.25) is facing a strong resistance in the 94-94.25 region. It is more likely to decline, breaking below 93 towards 92.25. Such a fall in the dollar index can push gold prices further up in the coming days. The region between 92.25 and 92 is a strong support for the index and the possibility of it reversing higher from there towards 94 cannot be ruled out.

Gold outlook

The global spot gold ($1,269 per ounce) has broken above the $1,260-$1,265 resistance zone. The broad region between $1,265 and $1,255 will now serve as a strong support.

A rise to $1,275 and $1,280 looks likely. A pull-back move from there can see an intermediate fall to $1,265. But a strong close around the $1,275-$1,280 zone this week could be very bullish. It will increase the likelihood of the prices revisiting $1,300 levels and will increase the possibility of it breaking above $1,300, going forward.

The MCX-Gold futures (₹28,580 per 10 gm) contract faces strong resistance at ₹28,600 — the 100-day moving average. The 200-day moving average is also poised near this level at ₹28,670. The contract can gain momentum only if it breaks above ₹28,670 decisively. Such a break can take it to ₹29,000. The outlook will turn negative if the contract declines below ₹28,300. The ensuing targets are ₹28,150 and ₹27,950.

Silver outlook

The global spot silver ($16.75 per ounce) has a key support at $16.5. As long as it sustains above this support, a rise to $17 is possible. Further break above $17 can take silver higher to $17.5. But inability to break above $17 can drag the prices lower to $16.7 and $16.5 levels once again.

The MCX-Silver futures (₹38,460 per kg) contract is stuck inbetween the support at ₹38,000 and resistance at ₹38,600. A strong break above ₹38,600 can boost the momentum and take it higher to ₹39,000. Further break above ₹39,000 will see the up-move extending to ₹39,500. On the other hand, if the contract declines below ₹38,000 in the coming days, it can fall to ₹37,500 initially. Further fall below ₹37,500 will increase the downside pressure and drag it to ₹36,900.

MCX Gold

Supports
₹28,300/₹28,150

Resistances
₹28,670/₹29,000

MCX Silver

Supports
₹38,000/₹37,500

Resistances
₹38,600/₹39,000

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China aluminium sector, a conundrum

If so much capacity is being closed, why is the country's production rising?

ANDY HOME

It's all about China.

This has been the mantra of the industrial metal markets for over a decade. The country's industrialisation and urbanisation programmes have been the core driver of demand growth across the metallic spectrum.

In the case of aluminium, however, China's influence on the global supply chain is double-edged. As well as being the biggest user of aluminium, China is by some margin the largest producer, accounting for over 50 per cent of global output.

That dominant role is now in focus as Beijing launches what looks like a multi-pronged attack on its aluminium producers.

Production cuts in regions around the capital have been mandated for the coming winter heating season, which starts in November. Separately, what Beijing terms "illegal" capacity is being closed right now. Analysts have tracked some two million tonnes of "closures" with a broad consensus another four million tonnes is at immediate risk.

Throw in rolling environmental inspections and a requirement that all new capacity must be offset by the closure of older capacity and it does look as if Beijing is finally getting serious about reining in its aluminium sector. The rest of the world is watching closely. China's exports of surplus aluminium in the form of semi-manufactured products have set it on a collision course with the Trump Administration.

The market is also watching closely. This totally new threat to global supply is why the London price has been trading consistently above the $1,900-per tonne level for the first time in three years.

But what is actually going on? If so much capacity is being closed, why is the country's production rising? And even more critically, should we believe the official numbers?

Statistical confusion

China's production of primary aluminium hit a record high of 97,700 tonnes per day in June. That was equivalent to an annualised run rate of 35.7 million tonnes and represented 56.5 per cent of global output, also a fresh high. These are the official figures from China's Nonferrous Metals Industry Association (CNIA) published by the International Aluminium Institute. But the official numbers, which is all most of us get to see, raise more questions than they answer. It's not just CNIA's habit of occasionally throwing large historical revisions into the mix, it's the monthly volatility that has become a running feature of the numbers.

June's annualised run rate, for example, was 2.4 million tonnes higher than that in May. The scale of that change, even allowing for the number of operating smelters in the country, stretches credulity. Moreover, industry specialists such as Paul Adkins of the AZ China consultancy now believe the official figures are diverging from reality in a different way.

AZ China does its own production count and estimates actual daily production was 104,000 tonnes in June. It also thinks there was a similar-sized undercount in both April and May.

The cumulative annual discrepancy based on the last three months would be around three million tonnes. The official figures, according to Adkins, speaking in the Reuters Global Base Metals Forum, are "misleading to say the least."

The disappearing tonnage in the official figures coincides with Beijing's edict on closing "illegal" capacity, raising the intriguing possibility that whoever counts China's production has simply eliminated "illegal" smelters, irrespective of whether they have been closed or not.

If so, one of the first casualties of the drive to clean up the country's aluminium smelter sector might be statistical transparency. REUTERS

Really?

China's production of primary aluminium hit a record high of 97,700 tonnes per day in June

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Metals ($/tonne)

Aluminium	1885	-0.4	-0.3	17.9	1962	1545
Copper	6296	5.4	7.3	28.9	6325	4573
Iron Ore	68	-1.6	20.8	19.0	95	54
Lead	2298	3.9	0.6	28.2	2466	1784
Zinc	2767	0.7	1.2	25.6	2971	2087
Tin	20720	1.4	5.9	16.7	20945	17825
Nickel	10156	7.2	10.1	-4.7	11735	8710

THE TELEGRAPH

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Alternative to Africa coal

JAYANTA ROY CHOWDHURY

New Delhi, July 30: India is looking to gasify coal from ICVL's mines in Mozambique and bring it back to the country.

ICVL had bought a mine in Mozambique three years back, but shipping the coal back to India was found to be expensive.

An alternative plan was to set up a power plant to produce electricity in Mozambique. However, the proposal could not make much headway in the absence of a grid to distribute power.

"We are now evaluating a proposal by Niti Aayog to gasify the coal and turn it into methanol to be shipped back and used in gas-fired power plants in India," steel minister Chaudhury Birender Singh told **The Telegraph**.

India has 25,329MW of gas-based power plants, of which 14,305MW are either fully or partly non-functional because of the lack of gas. These plants are estimated to have cost Rs 1.24 lakh crore.

However, analysts said though gasification was an alternative and new technologies could help to produce cheaper coal-based gas, "the problem is that the bottom of the natural gas market has been knocked off by shale gas prices".

Last month, Goldman Sachs had lowered the projections for oil and gas prices over the next quarter on the back of a spurt in shale drilling not only in the US but also in other geographies.

Goldman Sachs had earlier forecast $55 a barrel, but in June revised the price to a three-month average of $47.50 per barrel.

Analysts said oil prices would have to fall to about $30 a barrel before US shale producers could be asked to cut output.

"The gasification idea is new... we will study its cost economics. The Niti Aayog is sure it can work. Once the government as a whole is convinced, we will go ahead," said Singh.

METHANE BET

- **The problem:** Coal from Benga mines in Mozambique is of high quality but cost of shipping it back to India is huge

- **The plan:** Gasify coal from ICVL's mines in Mozambique to methanol and bring it back for use in gas-fired power plants in India
- **The worry:** ICVL may not get good price for the fuel because of shale gas, that is available in huge quantity

International Coal Ventures Pvt Ltd (ICVL), a five-way joint venture among SAIL, CIL, RINL, NMDC and NTPC, had acquired Benga, an operating coal mine, and other untapped reserves in Mozambique from Rio Tinto for $50 million in 2014.

Track record

ICVL, set up in 2009 to acquire coal assets for Indian steel units abroad, has been unsuccessful in buying mines abroad. The Benga mine has thermal coal used to generate electricity. The mine is located strategically in the coal-bearing region of the Moatize basin, stated to be the second-largest coal basin in the world after Bowen in Australia.

However, the acquisition has proven to be a failure till now because though the coal from the mine is of high quality, it is of little use as the cost of bringing it back is huge. The mine has also faced other problems, forcing it to be shut down at some stage.

The operating coal mine comes with a wash plant and surface infrastructure with a potential to expand raw coal production from 5 million tonnes per annum (mtpa) to 12mtpa. ICVL officials said. "There is significant potential for tapping coal-bed methane from the acquired coal resources."