



खनिज समाचार

KHANIJ SAMACHAR

Vol. 2, No-15

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KHANIJ SAMACHAR



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INDIAN BUREAU OF MINES

VOL. 2, NO-15, 1st –15th AUGUST, 2018

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

Metals (\$/tonne)	Price	Change in %			52-Week	
		Weekly	Monthly	Yearly	High	Low
Aluminium	2002	-2.6	-4.5	5.7	2603	1889
Copper	6178	-1.5	-4.8	-2.3	7324	5981
Iron Ore	60	0.2	0.8	-18.3	81	58
Lead	2105	-1.2	-11.8	-10.3	2683	2092
Zinc	2675	0.7	-6.0	-3.9	3619	2526
Tin	19675	-1.8	-0.3	-5.3	22104	18867
Nickel	13456	-2.3	-6.3	30.2	15749	10170

BUSINESS LINE DATE : 13/8/2018 P.N.8

Metals (\$/tonne)	Price	Change in %			52-Week	
		Weekly	Monthly	Yearly	High	Low
Aluminium	2087	4.3	-1.4	2.7	2603	1966
Copper	6160	-0.3	-2.5	-3.7	7324	5981
Iron Ore	64	5.4	8.2	-20.0	81	58
Lead	2083	-1.0	-9.6	-11.2	2683	2072
Zinc	2550	-4.7	-4.0	-12.8	3619	2526
Tin	19499	-0.9	-1.7	-4.4	22104	18867
Nickel	13737	2.1	-2.3	25.6	15749	10170

THE ECONOMIC TIMES DATE : 1/8/2018 P.N.19

JSW Steel Only Suitor to Submit Revised Offer for Bhushan Power

Co increases its bid by over 60% to ₹18k cr, while Tata Steel and Liberty House stick to their earlier offers

Sangita.Mehta
@timesgroup.com

Mumbai: Lenders of Bhushan Power & Steel have received only one revised bid, from JSW Steel, for the bankrupt company, as the other two suitors — Tata Steel and Liberty House — have not amended the offers they have previously made, two senior officials with knowledge of the matter said.

JSW has revised its bid even as the higher bankruptcy court has directed lenders not to open bids received in the second round and instead evaluate those filed in the first round. The National Company Law Appellate Tribunal has also directed lenders to submit to it in sealed covers the bids they received.

JSW Steel, which had offered ₹11,000 crore in the first round, increased the offer by more than 60% to ₹18,000 crore on Thursday evening. After JSW made the revised offer, lenders deci-

ded to invite a fresh round of financial bids from the three applicants by Tuesday morning. "Only JSW Steel has given a revised bid. The resolution professional will submit this bid to the tribunal tomorrow (Wednesday)," said a senior official.

Tata Steel, meanwhile, moved the appellate tribunal claiming that the lenders' move was not in line with the Insolvency & Bankruptcy Code as lenders had declared them the highest bidder and begun negotiations.

In the first round which closed on February 8, Tata Steel had offered ₹17,000 crore. Liberty House made a bid for ₹18,500 crore 12 days after the deadline.

Lenders had earlier declared Tata Steel as H1, or the highest bidder, and JSW Steel as H2. Liberty was disqualified as it failed to furnish critical information about funding arrangement within the given time frame. Lenders claim that since they had not yet voted in favour of any company, they are justified in inviting fresh bids.

Tata Steel Slams Lenders' Decision to Permit Revised Bids for Bhushan Power

KOLKATA Tata Steel has reacted sharply to the decision of Bhushan Power & Steel's lenders to permit bidders to revise their offers.

Tata Steel had emerged as the highest bidder before the lenders' decision allowed JSW to sweeten its offer, days before the bankrupt company's committee of creditors (CoC) was to conduct the final voting on the bids.

Tata Steel received a letter dated June 16, 2018, from Bhushan Power & Steel's resolution professional saying that it had qualified as the highest bidder (H1), a top source close to the developments told ET, adding that the

National Company Law Appellate Tribunal (NCLAT) too had directed the CoC on July 20, 2018, to vote on the offers. "Since Tata Steel had already received the letter, the vote on the bids was to be a mere formality. Then, suddenly, merely days before the vote, others put in a revised bid," the source said.

"If others were keen to acquire, then they could have put in a higher bid in the first place, like Tata Steel did for Bhushan Steel," the source added, referring to its ₹35,200 crore bid for Bhushan Steel, another bankrupt company, against JSW's offer of ₹29,700 crore. — **Rakhi Mazumdar**

Govt gives Rs 2,400 cr target of mineral royalty recovery

- For Nagpur district, the target has been revised upwards from Rs 120 crore in 2017-18 to Rs 135 crore in 2018-19
- Nagpur district gets the second highest target in the entire State

■ Staff Reporter

MAHARASHTRA Government has raised the pressure on the administration to meet the target of collecting Rs 2,400 crore as mineral royalty in the State in the current financial year 2018-19. For 11 districts in Vidarbha region, the Government has given target of Rs 691 crore.

As far as Nagpur district is concerned, the Government has revised the target for collection of mineral royalty from Rs 120 crore in 2017-18 to Rs 135 crore in 2018-19. Though the revision in the target is up by Rs 15 crore, the district administration in Nagpur is confident of meeting it. "Last year, as against the target of Rs 120 crore, we posted recovery of Rs 139 crore. Considering this, we will be able to meet the target of Rs 135 crore in the current financial year," said a senior officer familiar with the recovery of mineral royalty.

The Government has increased the mineral royalty recovery target considering that illegal exca-

District-wise target for collection of mineral royalty in 2018-19

District	Target
Nagpur	Rs 135 cr
Bhandara	Rs 76 cr
Amravati	Rs 75 cr
Chandrapur	Rs 75 cr
Yavatmal	Rs 66 cr
Buldhana	Rs 62 cr
Gadchiroli	Rs 53 cr
Wardha	Rs 47 cr
Akola	Rs 46 cr
Gondia	Rs 31 cr
Washim	Rs 25 cr
Total	Rs 135 cr

vation and unauthorised transport of minor minerals is 'increasing'. Hence, it has asked the administration to remain alert and ensure that illegal excavation is checked. Measurement of stock of minerals, strict action against unauthorised transport of minor minerals, constitution of vigilance squads, and regular reporting of the action taken, penalty recovered, and royalty collected are

some of the instructions given to the administrative machinery, vide a communication from Revenue and Forest Department issued on July 26.

A look at the district-wise target for collection of mineral royalty reveals that Nagpur district has been given the second highest target in Maharashtra. Pune has been given target of recovering royalty of Rs 163 crore, followed by Nagpur with target of Rs 135 crore, Raigad with Rs 130 crore, Thane -- Rs 120 crore, and Solapur with Rs 118 crore.

For the past couple of years, the administration has been facing problems relating to auction of all sand ghats in Nagpur district. Still, thanks to initiatives like increased vigilance, recovery of penalty in cases of illegal excavation and unauthorised transport, compulsory geo-fencing of mining sites, GPS tracking of trucks carrying minerals, issuance of online royalty pass based on GPS tracking etc have helped the administration in increasing its revenue. The administration collected Rs 2.21 crore as fine imposed in cases of illegal excavation of sand. The increase in amount of fine on tractors, trucks, and excavators carrying sand without relevant documents, use of murrum and earth etc in ongoing construction of roads also have contributed to increase in collection of royalty.

BUSINESS LINE DATE : 1/8/2018 P.N.16

MCX Zinc tests key resistance

GURUMURTHY K

Bl Research Bureau

The zinc futures contract on the Multi Commodity Exchange (MCX) seems to be lacking momentum. The rebound from ₹170.7 per kg made on July 16 faces strong resistance in the ₹180-₹183 region.

The contract has been oscillating around ₹180 over the last one week. This indicates that the contract lacks fresh buyers to take it decisively higher. It is currently trading at ₹179/kg.

The 21-day moving average resistance is at ₹182. The contract has to breach this hurdle decisively in order to gain momentum. Such a break will pave the way for a fresh rally to ₹190 or ₹192 on the back of short-covering.

But as long as the contract

remains below ₹182, there is a strong likelihood of a fresh fall in the coming days. The overall downtrend will remain intact.

Key supports are at ₹174 and ₹171. A strong break and a decisive close below ₹171 will bring renewed pressure on the contract. Such a break will then increase the possibility of the contract tumbling to ₹165 or even ₹160 in the coming weeks.

Short-term traders with a big appetite for risk can go short at current levels and at ₹181. A stop-loss can be placed at ₹185 for the target of ₹167. Revise the stop-loss lower to ₹176 as soon as the contract moves down to ₹173.

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

BUSINESS LINE DATE : 1/8/2018 P.N.16

Gold heads for fourth month of losses

REUTERS

London, July 31

Gold hit a 1-1/2 week low on Thursday, heading for a fourth consecutive month of losses as a stronger dollar and rising US interest rates continue to weigh, pushing speculators to hold record short or sell positions.

Spot gold fell 0.5 per cent to \$1,215.80 an ounce at 1319 GMT, having hit its lowest since July 19. The precious metal is heading for a fourth monthly de-

cline that would mark its longest losing streak since 2013. US gold futures were 0.6 per cent lower at \$1,214.50 an ounce. Hedge funds and money managers net short positions in COMEX gold stood at 27,156 contracts in the week to July 24, US Commodity Futures Trading Commission data showed on Friday. Among other precious metals, silver slipped to \$15.34 an ounce, platinum rose to \$827.30 and palladium fell \$927.80.

Vedanta Stock Likely to Remain Rangebound

More than one factor to keep stock under pressure; but downside limited due to attractive valuations

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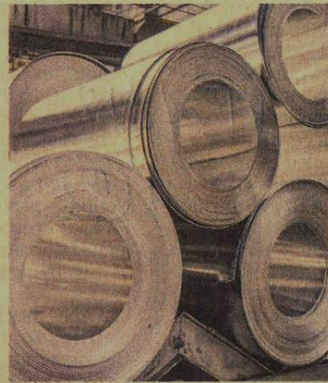
ET Intelligence Group: The stock of Anil Agarwal-owned mining conglomerate Vedanta may see some consolidation amid volatile metal prices, regulatory challenges for its copper and iron ore businesses, and high raw material costs.

While these factors might limit the upside, attractive valuations – 6%

dividend yield (FY19 estimated) – should ensure that Vedanta wouldn't wither in the face of headwinds.

In the June quarter, Vedanta's performance was a bit lower than expected. For Vedanta, zinc and lead, aluminium and oil businesses remain the most important in the near term as these contribute the most to EBITDA – in excess of 80%. Weak performance by the zinc business resulted in below-estimated earnings for Vedanta – down 20% quarter-on-quarter.

EBITDA for zinc (43% of total EBITDA) reduced 28% on a sequential basis. Zinc, lead and silver businesses, which are part of Vedanta's subsidiary Hindustan Zinc, saw 16%-19% decline in sales on sequential basis, while the cost of produc-



tion was higher 13%.

Zinc prices have corrected 18% since mid-June and the coming quarters are likely to remain mut-

ed. Higher production should partially offset the impact of weak prices and analysts are expecting higher volumes in the second half.

EBITDA for the oil and gas business (28% of total EBITDA) improved 23% on a sequential basis, but was below expectations. Higher crude realisations at \$67 per barrel helped. The company expects to gradually increase volumes.

EBITDA for aluminium (19% of the total) declined 3.9% over the preceding quarter. The second quarter is likely to remain weak due to high raw material alumina prices.

Regulatory challenges in the copper and iron ore businesses are likely to keep their contribution to overall EBITDA weak in the coming quarters.

BUSINESS LINE DATE : 2/8/2018 P.N.3

Bhushan Power: NCLAT asks creditors' panel to allow fresh offers by all bidders

Next hearing scheduled for August 17

SURESH P IYENGAR

Mumbai, August 1

In a major setback to Tata Steel, the National Company Law Appellate Tribunal (NCLAT) has ordered the Committee of Creditors (CoC) of Bhushan Power and Steel to allow all the bidders to revise their bids and submit them at the next hearing on Monday.

The final three bidders for the stressed Bhushan Power are JSW Steel, Tata Steel and UK-based Liberty House.

In a letter to the CoC earlier this week, Tata Steel had objected to JSW Steel's revised bid of ₹19,000 crore (up from ₹11,000 crore). It



The final three bidders are JSW Steel, Tata Steel and Liberty House

has claimed that its bid of ₹17,000 crore had already been declared the highest bid on June 16, and there is no concept of re-bid under the CVC (Central Vigilance Commission) guidelines for State-run banks. It also said NCLAT had refused to allow a re-bid.

UK-based Indian businessman Sanjeev Gupta-owned Liberty House had offered to

pay ₹18,500 crore up front 12 days after the deadline, surpassing Tata Steel.

'Better offer'

Submitting the three bids in a sealed cover to the NCLAT on Wednesday, the senior counsel for CoC said that it has received a revised offer from one of the bidders, which appears to be better than the previous one.

Scheduling the next hearing for August 17, Justice SJ Mukhopadhyaya, Chairman, NCLAT, said all the resolution applicants could submit revised offers by Monday and only the financial part of the resolution plan be changed.

"The court's direction to the CoC is a major victory for JSW as its revised bid would yield more money for the banks," said a source close to JSW Steel.

In its last hearing on July 20, NCLAT directed the CoC to consider all three bids – Tata Steel, Liberty House and JSW Steel – and submit the list of both the highest and the second highest bidder on August 1, so that the adjudicating authority could approve one in case of any problems with the first resolution plan in future.

MCX-Nickel faces key resistance

GURUMURTHY K
BL Research Bureau

The nickel futures contract on the Multi Commodity Exchange (MCX) has been inching higher over the last couple of weeks.

The contract made a low of ₹907.3 per kg on July 19 and had reversed higher from there. It is currently trading at ₹951.

But the price action on the chart indicates that this bounce-back from ₹907 lacks strength. A key resistance is poised in the ₹955-960 zone.

Whether the contract breaks above ₹960 or not will decide the next move.

A strong break above ₹960 will ease the downside pressure.

Such a break will take the contract higher to ₹990 or ₹1,000 on the back of short-covering. On the other hand, if the contract reverses lower in the coming days after testing the ₹955-₹960 resistance zone, it can fall to ₹910.

In such a scenario, the overall downtrend that has been in place since June will remain intact. A break below ₹910 will then increase likelihood of the contract extending its down-move to ₹885.

The region around ₹885 is a crucial long-term support. A bounce from this support may have the potential to take the contract higher to ₹950 levels again.

But a strong break below ₹885 will drag it lower to ₹860 or ₹850.



Trading strategy

Traders who have taken short positions at ₹935 and ₹950 can hold it. Retain the stop-loss at ₹965 for the target of ₹875.

Revise the stop-loss lower to ₹925 as soon as the contract moves down to ₹915.

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

Global Q2 gold demand falls by 4% to 964.3 tonnes: WGC

MUMBAI, Aug 2 (PTI)

GLOBAL gold demand fell by 4 per cent in the April-June quarter at 964.3 tonnes from the same period last year mainly on account of slower inflows into gold-backed exchange-traded funds (ETFs) and drop in jewellery demand, World Gold Council (WGC) said in a report.

The total gold demand stood at 1,007.5 tonnes in the second quarter of 2017, WGC said in its Gold Demand Trends Q2 2018 report. Total investment declined by 9 per cent to 281.4 per cent during the second quarter of this year compared to 310.3 tonnes in the same period last year.

ETFs were down 46 per cent at 34 tonnes compared to 63 tonnes last year, however, European-listed funds saw decent inflows due to uncertainty stemming from Italian elections and monetary policy outlook and China, the world's largest gold market, saw a 7 per cent rise in consumer



demand, it said.

In contrast, the report said, holdings of North American-listed funds fell by 30.6 tonnes as investors focused on domestic economic strength. Global bar and coin investment was virtu-

ally unchanged at 248 tonnes with stronger demand in China and Iran that was fuelled by increasing geopolitical tensions with the US and were offset by falls in Turkey, India and Europe, where local prices remained elevated.

Meanwhile, jewellery demand dropped marginally by 2 per cent to 510.3 tonnes compared to 519.4 tonnes in the second quarter of 2017, following weaker demand in India and the Middle East, which was partly offset by growth in China and the US, both up 5 per cent compared against the previous year, it said.

In India demand fell by 8 per cent crimped by higher local prices, as well as by seasonal and religious factors, the WGC report added. "It's interesting how investors around the world have reacted to some of the risks stalking financial markets. Weaker economic prospects and tumbling currencies off the back of heightened tensions with the US boosted Chinese and Iranian gold demand, while US investors shrugged off any geopolitical concerns," WGC Head of Market Intelligence Alistair Hewitt said. "Demand from tech companies continued to grow, with H1 demand reaching a three-year

India's demand drops to 187.2 tonnes

INDIA'S gold demand declined by 8 per cent at 187.2 tonnes during April-June period compared to second quarter of last year driven by to high local prices and seasonal factors, World Gold Council (WGC) said in a report. The total gold demand stood at 202.6 tonnes in the second quarter of 2017, WGC said in its Gold Demand Trends Q2 2018 report.

In value terms, gold demand was Rs 52,692 crore, almost same as the second quarter of 2017 at Rs 52,750 crore.

Total jewellery demand also dropped by 8 per cent during the quarter 147.9 tonnes compared to 161 tonnes in the same period last year. While in value terms, jewellery demand was down by 1 per cent at Rs 41,631 crore against Rs 41,925 crore in the same period last year.

Total investment demand was down by 5 per cent at 39.3 tonnes compared with 41.6 tonnes in the same period in 2017. In value terms, however, gold investment demand was Rs 11,061 crore, up by 2 per cent from Rs 10,825 crore in the same period last year. Meanwhile, the report said, the total gold recycled in India during the second quarter was of 2018 was 32 tonnes, up by 8 per cent compared to 29.6 tonnes in the same period last year.

high, while economic growth boosted jewellery demand in the US with quarter two demand hitting a 10-year high," Hewitt added. The report further said

central banks added 89 tonnes of gold to global official reserves in second quarter compared to 91 tonnes in the same period in 2017 which is down by 7 per cent.

CIL output up 14% at 177 MT in 4 mths

■ CIL said it registered double digit growth of 15.1 per cent in coal supplies to thermal power plants (TPPs) during the April-July period, compared to a year ago

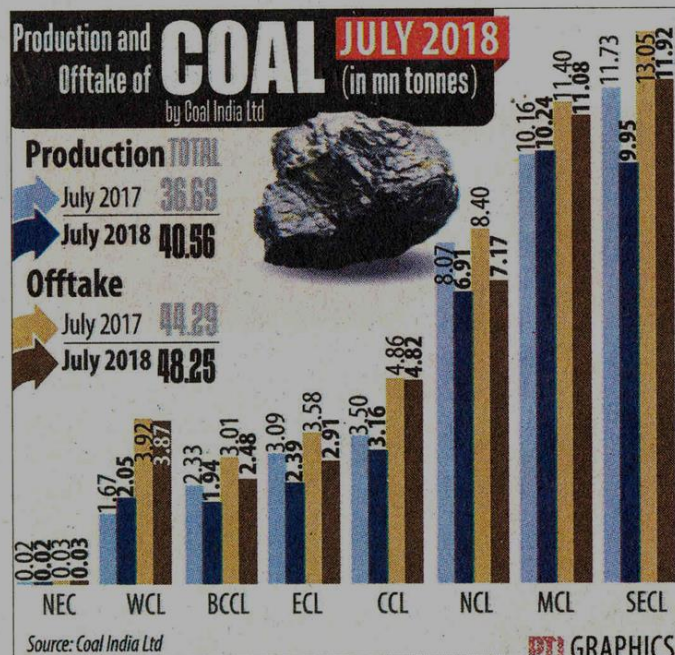
NEW DELHI, Aug 2 (PTI)

STATE-OWNED CIL on Thursday said it produced 177.43 million tonnes (MT) of coal in the first four months of the ongoing fiscal, registering a growth of 14 per cent. It had produced 155.53 MT of coal in the year-ago period, Coal India Ltd (CIL) said in a filing to BSE. In July CIL produced 40.56 MT coal, against 36.69 a year ago. The state-owned firm accounts for over 80 per cent of the domestic coal production.

CIL has pegged its production estimate at 630 MT in 2018-19.

In a separate statement, the PSU said it registered double digit growth of 15.1 per cent in coal supplies to thermal power plants (TPPs) during the April-July period, compared to a year ago.

Coal supplies by CIL to TPPs



perked up to 161.71 MT during the April-July period of the current fiscal, compared to 140.50 same period last financial year, it said. The increased supply was a result of higher rake loading to power sector which witnessed a growth of 12.5 per cent during the referred period. "Coal production and total off-take also

steamed ahead with robust growths of 14.1 per cent and 11 per cent respectively during April-July 2018 on a year-on-year comparison," it said. "We are doing the best we could to meet the demand of the power sector by supplying increased quantities of coal. So far, we have been able to sustain the double digit growth

trend in the three important parameters of production, off-take and supplies to power sector, since the beginning of the fiscal," an official of the company said. The monsoon months are challenging but we are garnering our best efforts to continue the same trend, the official added. "Coal stocks at the power utilities doubled to 15.78 MT ending July 2018 (30th July) compared to 7.3 MT as of October 2017," CIL said. It said close coordination between Coal Ministry, Railways Ministry and CIL for enhanced evacuation of coal resulted in 12.5 per cent growth in average rake loading, per day, to power sector during April-July period.

With an assessment suggesting the current trend may not warrant pursuing projected coal output target of 1 billion tonnes by 2020, the Govt had in April gave indication of revising production target of dry fuel.

The Govt had earlier set a target of 1 billion tonnes of coal output by 2019-20 for CIL. However, Govt had in Dec last year said that of 1.5 billion tonnes country is expected to produce by 2022 and of this, one billion tonnes would come from Coal India Limited.

Finest quality diamonds form deeper in Earth, reveals study

■ Blue diamonds form at least as deep as the transition zone between the upper and lower mantle of Earth- or between 410 and 660 kilometres below the surface

WASHINGTON, Aug 2 (PTI)

BLUE diamonds - like the world-famous Hope Diamond - formed up to four times deeper in the Earth's mantle than most other gems, according to a study.

"These so-called type IIb diamonds are tremendously valuable, making them hard to get access to for scientific research purposes," said Evan Smith from the Gemological Institute of America.

"It is very rare to find one that contains inclusions, which are tiny mineral crystals trapped inside the diamond," said Smith, lead author of the study published in the journal Nature.

Inclusions are remnants of the minerals from the rock in which



Hope diamond

the diamond crystallised and can tell scientists about the conditions under which it formed.

Type IIb diamonds owe their blue colour to the element boron, an element that is mostly found on the Earth's surface.

The Hope Diamond is one of the most famous jewels in the world. Its much-admired rare blue colour is due to trace amounts of boron atoms.

However, analysis of the trapped mineral grains in 46 blue diamonds examined over two years indicate that they crystallised in rocks that only exist under the extreme pressure and temperature conditions of the Earth's lower mantle.

The team, including researchers from the Carnegie Institution for Science (CIS) in the US, determined that blue diamonds form at least as deep as the transition zone between the upper and lower mantle - or between 410 and 660 kilometres below the surface.

Several of the samples even showed clear evidence that they came from deeper than 660 kilometres, meaning they originated in the lower mantle.

By contrast, most other gem diamonds come up from between 150 and 200 kilometres.

According to a hypothesis put forth by the research group, the boron came from seafloor that was conveyed down into the Earth's mantle when one tectonic plate slid beneath another - a process known as subduction.

The study proposes that boron from the Earth's surface was incorporated into water-rich minerals like serpentine, which crystallised during geochemical reactions between seawater and the rocks of the oceanic plate.

Coal India eyes mines abroad

New Delhi, August 2

State-owned CIL has identified seven coking coal assets in Australia for acquisition and is also in discussions with a few mine owners in Canada, a parliamentary panel said on Thursday. In its report, the Standing Committee on coal and steel said: "The met coke production has increased during the period 2014 - 2017 and for acquiring of coking coal blocks/ mines abroad, Coal India Ltd (CIL) has identified several coking coal assets in Bowen basin of 16 Queensland Province, Australia and is also pursuing discussions with few mine owners of coking coal assets in Canada." PTI

Hindustan Copper to extract gold, silver from copper ore tailings

Plans QIP to fund ₹5,500-cr expansion

OUR BUREAU

New Delhi, August 2

Hindustan Copper Ltd (HCL) said on Thursday it will soon be able to extract gold, silver and silica sand from copper ore tailings.

Santosh Sharma, Chairman and Managing Director, HCL, said an extraction plant will be commissioned in Madhya Pradesh this month to extract gold and silver from over 100 million tonne (mt) of copper ore tailings accumulated over a period. Tailings are the waste products generated during the recovery of minerals.

"The plant can extract 900 grams of gold, 11 kg of silver and approximately 5,000 tonnes of silica sand on a daily basis," Sharma said, adding that this will be a new 'secondary' revenue measure for which raw material is available free of cost.

Yesterday, the Union Cabinet



Santosh Sharma, CMD, HCL

had given its nod for HCL to issue fresh shares to mop up funds for its expansion plans. The expansion plans involve expenditure of ₹5,500 crore, which will be met through internal accruals, equity and debt.

Sharma said the company will sell fresh shares through a Qualified Institutions Placement (QIP) in tranches as and when required. It also plans to raise debt such that an equity-debt ratio of 1:2 is maintained.

"We had been working with a target of expanding to 12.4 mt of

copper ore production per annum. Now we have set our revised target at 20 mt," Sharma said.

The expansion plan — to be implemented in Madhya Pradesh, Rajasthan and Jharkhand — aims to enhance the production capacity by six times and create about 9,300 jobs. Once done, the company will be able to meet 30 per cent of the domestic demand for copper, against the current 5 per cent, Sharma said.

Cabinet nod

The Cabinet on Wednesday approved fresh issuance of 13.87 crore shares, comprising 15 per cent of the paid-up equity capital of HCL. On an expanded base, the government's shareholding will come down to 66.13 per cent from 76.05 per cent.

This will serve two purposes — the company will be able to meet the minimum public shareholding of 25 per cent as prescribed by SEBI; it will also raise funds.

MCX Lead consolidates

GURUMURTHYK

BL Research Bureau

The Lead futures contract on the Multi Commodity Exchange (MCX) has been stuck in a sideways range between ₹144 and ₹150 per kg for more than two weeks. The prolonged sideways consolidation leaves the near-term outlook unclear.

A decisive breakout on either side of ₹144 or ₹150 will decide the next move. A strong break above ₹150 can take the contract higher to the next key resistance level of ₹152 — the 100-week moving average. The contract has to breach ₹152 in order to ease the downside pressure and

turn the outlook positive. A strong break above ₹152 will then take the contract higher to ₹157 and ₹160 levels.

On the other hand, as long as the contract remains below ₹150 and ₹152, the overall downtrend since June will remain intact. A break below ₹144 can drag the contract lower to ₹140. A further break below ₹140 will increase the likelihood of it tumbling to ₹135.

The bias on the chart remains negative. The possibility is high of the contract breaking below ₹144 in coming days. Medium-term traders with a short position at ₹147 can hold it.

Gold Demand Falls 7% in 1st Half of 2018

Weak rupee and Nirav Modi scam hit investor sentiment: WGC

Sutanuka.Ghosal
@timesgroup.com

Kolkata: Gold demand in India fell 6.8% in the first half of 2018 from that of a year ago, according to the World Gold Council (WGC), as the weakening of the rupee against the US dollar kept buyers from taking advantage of low global prices.

The uncertainty created by the alleged ₹13,700-crore Nirav Modi banking fraud case that surfaced in February also dampened consumer sentiment during this period, according to the council, and dragged consumption down to 338.7 tonnes from 363.3 tonnes a year ago.

"If rupee weakens further

against the dollar then the whole year's demand may be 700 tonnes on the lower side, which means that the second half consumption will be around 361 tonnes," said Somasundaram PR, managing director, India at WGC. "However, if the volatility in gold prices is arrested then demand might shoot up to 800 tonnes."

In the first half of the year, jewellery demand fell 6% to 284.7 tonnes while investment demand saw a steeper fall of 9% to 78.6 tonnes. The April-June demand for gold in the country was 8% lower than in the year-ago quarter.

Global gold demand too remained muted in the second quarter of 2018, down 4% from the year-ago period at 964 tonnes. Slower inflows into gold-backed exchange-traded funds (ETFs) were in sharp contrast to the highs of last year and contributed to the lowest demand in the first

half of the year since 2009.

China, the world's largest gold market, however saw a 7% increase in consumer demand during the first half of 2018 compared to that in the year-ago period.

Meanwhile, smuggling of gold continued, according to industry executives, belying expectations that illegal trade would come down after the roll-out of the GST.

The WGC India chief said that the volume of gold entering the country illegally in 2018 would be in the range of 100-120 tonnes. "The gold trade has become more compliant since GST was introduced. But high import duty of 10% is resulting in gold entering through the grey route," he said.

Gold demand got a boost in April due to Akshaya Tritiya and the wedding season but fizzled out thereafter. The positive effect soon wore off as the rupee continued to weaken against the dollar, keeping domestic gold prices elevated.



NAVBHARAT

DATE : 3/8/2018 P.N. 11

मॉयल का शुद्ध मुनाफा 16 प्रश बढ़ा

एजेंसियां दिल्ली. मैंगनीज अयस्क का उत्पादन करने वाली शीर्ष घरेलू कंपनी मॉयल ने कहा कि खर्च में कमी आने से चालू वित्त वर्ष की पहली तिमाही में उसे एकल आधार पर 113.40 करोड़ रुपये का शुद्ध मुनाफा हुआ है.

BUSINESS LINE

DATE : 3/8/2018 P.N.4

Auction of 44 mineral blocks cancelled

New Delhi, August 2

The auction of 44 mineral blocks has been annulled with maximum 14 such mines from Maharashtra, the government said on Thursday. A total of 87 mineral blocks have been notified till now for auction of which 43 have gone under the hammer till July 26, Minister of State for Mines Haribhai Parthibhai Chaudhary said in a written reply to the Lok Sabha. The 44 mines whose auction has been annulled include Maharashtra (14), Karnataka (7), 5 each in Gujarat, Madhya Pradesh and Rajasthan and 4 in Odisha, among others. PTI

Gold convention at Kochi focusses on streamlining bullion industry

OUR BUREAU

Kochi, August 3

The 15th India International Gold Convention has commenced here on Friday with palpable optimism following the release of NITI Aayog report on Transforming Indian Gold Markets this February.

Over 400 delegates representing different limbs of gold industry from India and abroad, trade organisations, financial institutions and policy experts are attending the deliberations on the newer opportunities and future plans in view of the changing face of gold industry in the country.

The gathering consists of 11 bullion banks, 6 nominated banks, 6 international refiners, 25+ domestic refiners, leading jewellery manufacturers from India, official/trade representatives



from Canada, Peru, Ghana, Liberia, Myanmar and Singapore.

The conference is organised by Foretell Business Solutions in association with India Bullion and Jewellers Association (IBJA). Suresh Prabhu, Union Minister of Commerce and Industry, in his message said that India has huge resources, market infrastructure and potential to become the export hub for gold and gold products.

Inaugurating the conference, Senthil Nathan S, Deputy Secretary, Commerce

Ministry, emphasised the need to capitalise on the country's intrinsic capability to manufacture value-added gold jewellery for the global market with craftsmanship, technology and design capabilities.

The new policies are mainly aimed at building the institutional, regulatory and market infrastructure to streamline the industry, bring transparency and increase the global acceptance of gold and its products from India, he said.

There are special sessions on the changing face of gold imports into India, NITI Aayog recommendations titled 'Make in India in Gold,' 'Proposed Bullion Exchange of India', 'Financialisation of gold', 'Proposed Domestic Council Skilled Development and Employability' and 'Proposed Tax reform'.

SAIL reports ₹540-cr Q1 profit on higher income

OUR BUREAU

New Delhi, August 3

Steel Authority of India Ltd (SAIL) has reported a ₹540.43-crore profit after tax for the first quarter of FY19. It had reported a loss of ₹1,287.24 crore in the same quarter of FY18.

Total income for the period under consideration stood at ₹16,004.95 crore (₹13,072 crore).

A company statement said: "The EBITDA in the first quarter of financial year 2018-19 was recorded at ₹2,685.46 crore... (against) ₹22.71 crore in the corresponding period of last year, indicating an acceleration of the overall performance of the company."

SAIL's saleable steel production was 3.61 million tonne (mt), up 13 per cent over the previous year period. Its sales volume was at 3.271 mt, up 8 per cent YoY.

"The company recorded improvement in all the techno-economic parameters — including Coke Rate by 3 per cent, Blast Furnace productivity by 2 per cent and Specific Energy



SAIL's saleable steel production was 3.61 mt, up 13 per cent over the previous year period. Its sales volume was at 3.271 mt, up 8 per cent YoY.

Consumption by 3 per cent — over the corresponding period of last year," it said.

"The operational performance of the company has recorded improvement over the past many quarters and this trend is likely to continue. SAIL has taken several new initiatives which will help the company in improving its physical and financial performance," SAIL Chairman Saraswati Prasad said in the statement.

BUSINESS LINE

DATE : 4/8/2018 P.N.3

Metals body wants Sterlite plant restarted

PRESS TRUST OF INDIA

New Delhi, August 3

The Indian Non-Ferrous Metal Manufacturers Association (INFMMMA) on Friday urged the Centre to take steps to restart operations at the Sterlite copper plant in Thoothukudi.

INFMMMA members have submitted a memorandum to the Mines Ministry and NITI Aayog, the association said in a statement. "Due to the closure of that smelter, we believe imports of copper would go up," INFMMMA President DK Jain said in the statement. There is already shortage of copper in the market, it added.

Gold hovers above crucial support

Whether it manages to sustain above \$1,200 or not will decide the next move

GURUMURTHY K

Gold continued to remain subdued, and extended its fall last week, as expected. The global spot gold prices fell to a low of \$1,204 per ounce and bounced back slightly from there to close the week 0.8 per cent higher at \$1,215 per ounce.

On the domestic front, the gold futures contract on the Multi Commodity Exchange (MCX) closed 1 per cent lower at ₹29,486 per 10 g.

Strong dollar continues to retain the pressure on gold. The US dollar index fell to a low of 94.15 in the initial part of last week. However, it managed to sharply reverse higher from those levels to close the week on a strong note at 95.16, moving up 0.52 per cent for the week. The index can test the key 95.55-95.60 resistance zone in the coming days. This resistance zone has been capping the upside in the index since June. A pull-back from this resistance zone can take the index lower to 95 or even 94.5. However, the bias is pos-

itive on the charts. As such, an eventual break above 95.60 will trigger a fresh rally to 96.50. Such a rally in the index can keep the gold prices subdued going forward.

Trade tension escalates

The tariff war between the US and China seems to be escalating. The US President last week called for an increase in the proposed 10 per cent tariff on \$200 billion worth of Chinese goods to 25 per cent. In retaliation, China announced it would levy an import tariff of 5-25 per cent on \$60 billion worth of US goods. Gold has so far failed to gain safe-haven status from the ongoing trade war. But if tension intensifies and gold manages to gain safe-haven status, there is a possibility of seeing a recovery in gold prices.

Gold outlook

The global spot gold (\$1,215 per ounce) has a crucial support at \$1,200 which was tested last week. The bounce from the low of \$1,204 last week gives a breather. But

whether gold manages to sustain above \$1,200 or not will decide the next move. If gold decisively breaks below \$1,200, the downside pressure will increase. Such a break will increase the likelihood of the yellow metal tumbling to \$1,150. On the other hand, if gold manages to sustain above \$1,200, an up-move to \$1,235 or \$1,250 can be seen in the coming days. A range-bound move between \$1,200 and \$1,250 is possible in such a scenario. The level of \$1,250 has to be breached for the yellow metal to gain bullish momentum.

On the domestic front, the near-term outlook for the

MCX-Gold (₹29,486 per 10 g) futures contract remains negative. A fall to ₹29,000 is likely in the near term. However, the level of ₹29,000 is a strong support, and a further fall below it looks less probable. An upward reversal from ₹29,000 can take the contract higher to ₹30,000 or ₹30,200 thereafter. A strong break above ₹30,200 is needed for the outlook to turn positive. But if MCX-Gold breaks below ₹29,000, it can then target ₹28,500.

Silver consolidates

Silver prices have been consolidating over the past couple of weeks. The global spot silver

prices have been range-bound between \$15.2 and \$15.65 per ounce for more than two weeks now.

This leaves the immediate outlook mixed. A breakout on either side of \$15.2 or \$15.65 will decide the next move.

If silver breaks below \$15.20, it can fall to \$15 — a crucial medium-term support. A break below it will increase the likelihood of silver tumbling to \$14 thereafter. On the other hand, if silver breaks the range above \$15.65, an up-move to \$16.20 can be seen.

The MCX-Silver futures contract (₹38,072 per kg) has managed to recover after making a low of ₹37,736.

The price action on the chart suggests that the contract is lacking fresh sellers to decisively drag it below ₹38,000. If the contract breaks above the immediate resistance at ₹38,235, an up-move to ₹38,600 is possible.

But as long as the contract remains below ₹38,235, a fall to test the key support at ₹37,500 cannot be ruled out in the near term. A strong break below ₹37,500 will then increase the likelihood of the contract tumbling to ₹37,000 or even lower thereafter.



ISTOCK.COM/CELAFOX



MCX Gold

Supports:
₹29,000/28,500
Resistances:
₹30,000/30,200

MCX Silver

Supports:
₹37,500/37,000
Resistances:
₹38,235/38,600

America's trade war takes the sheen off base metals

But experts say this is only a correction and a recovery is possible

GURUMURTHY K

BL Research Bureau

The threat of an escalation in the ongoing trade war, an appreciation in the US dollar, and fears of a global slowdown have been dragging base metals lower in 2018.

The Bloomberg Base Metal Index is down 11.73 per cent since January 2018. This is in sharp contrast to the rally witnessed in 2016 and 2017 when the index had surged 21 and 27 per cent, respectively. Zinc, lead, copper and aluminium have lost more than 10 per cent this calendar year, leading to concerns about a cyclical reversal in these metals.

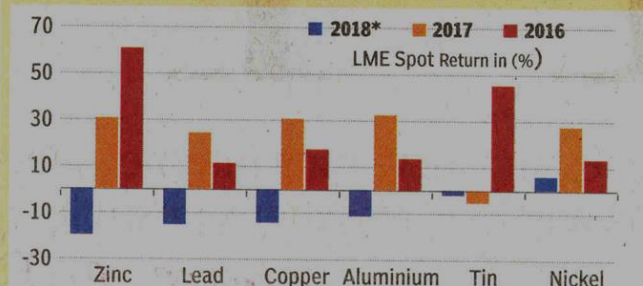
The draggers

It all started with the US imposing a 10 per cent and 25 per cent tariff on aluminium and steel imports in March. The fall intensified in June as the trade war rhetoric began to get louder.

"Stress is developing in the Chinese economy as industrial activity in the country seems to be slowing down as trade war concerns escalate. Since China is a major consumer of base metals, concerns of a slowdown in its economy are impacting prices", says Navneet Damani, VP Commodity Research, Motilal Oswal Commodities.

According to experts, the strength of the US dollar is the other factor that has been piling pressure on base metal prices. The

Beaten down badly



*up to August 3

US dollar index, which fell to a low of around 88 in the initial part of the year, has reversed sharply higher, surging about 8 per cent since then.

Zinc is the worst-hit among the base metals, with prices on the London Metal Exchange (LME) declining 20 per cent this calendar. "Zinc has fallen the most because of its link with steel. Concerns of a slowdown in the steel industry because of the tariffs is impacting zinc prices," says Goutam Chakraborty, AVP, Institutional Research (Metals & Mining), Emkay Global Financial Services. About 65 per cent of zinc produced is used in the steel industry.

The rates of copper and lead are down 14 and 15 per cent, respectively, while aluminium has been knocked down 11 per cent. Nickel is the only metal that has withstood the strains of the trade war.

On the domestic front, the weakness in the rupee has helped reduce losses. MCX-Copper, Lead and Aluminium are down 10 per cent, 9 per cent, and 3 per cent, respectively, while MCX-Nickel has surged 18 per cent on the back of a weak ru-

pee. Zinc has suffered a mauling here, too, with the MCX futures contract declining over 14 per cent.

Will the fall sustain

Does the sharp fall in prices this year indicate a turnaround after two years of a strong rally? Experts do not think so. Jayanta Roy, Senior Vice-President, ICRA says: "The price fall is just a correction fuelled by a weaker sentiment because of the trade war. We don't see prices going down sharply as the fundamental factors, especially for aluminium, are still in favour of the metal." Experts believe the prices may continue to remain subdued in the short term, and are likely to reverse higher over the long-term.

The recent fall in metal prices is likely to have a short-term impact on corporate earnings. "Primary aluminium producers such as Hindalco, Nalco and Vedanta are already getting hit by rising input costs and carbon prices are to blame. A further fall in aluminium prices will impact their bottom-line," says Emkay's Chakraborty. Volatility in zinc prices will affect Hindustan Zinc, he adds.

Tata Steel Won't Cough Up ₹72 cr for Bhushan Steel's Corp Office

Scraps a contract to pay a monthly rent of ₹6 cr for the building owned by ex-promoter Neeraj Singal as part of cost-cutting measures

Megha Mandavia & Baiju Kalesh

Mumbai: Tata Steel, which took over Bhushan Steel at the end of a bankruptcy resolution process, has terminated an annual rental contract with former promoter Neeraj Singal for the lease of its corporate office in New Delhi, saving ₹72 crore a year, said two people with direct knowledge of the development. The move is part of efforts by the new owner to cut costs and turn the asset around.

Bhushan Steel's corporate office was located in the Hyatt Regency Complex, near the luxury hotel of the same name. The building is owned by Bhushan Steel's erstwhile promoter group, which charged the company ₹6 crore a month as rent. Bhushan Steel spent about ₹264.15 crore on the corpora-

te office lease and warehousing charges in FY17, according to its latest annual report.

"If we can accommodate the employees at our offices, why should we pay higher rent? ₹72 crore will increase our bottom line," said one of the two persons cited above.

Tata Steel did not reply to an email seeking comment. Former Bhushan Steel chief financial officer

Nittin Johari directed queries to Deloitte's Rajesh Samson, who said he was unaware of the contract. Deloitte declined to comment and said it was bound by confidentiality obligations as pertained to the insolvency professional.

Tata Steel won control of Bhushan Steel in May, settling about ₹35,200 crore, or nearly two-thirds of the loans the bankrupt steelmaker

owed to lenders. Bhushan Steel was the first case to be settled under the Insolvency and Bankruptcy Code (IBC) process among the initial dozen big defaulters that the central bank referred for resolution under a law enacted for quick recovery and settlement of stressed assets.

Bhushan Steel has an installed capacity of 5.6 million tonnes. The acquisition is seen enhancing Tata

Steel's capacity and maintaining its domestic market share in the long term. There's strong demand for the company's products, said Goutam Chakraborty, metals analyst at Emkay Securities. "Tata Steel can bring down costs in logistics and material handling and also interest," he said.

Tata Steel can also work on more efficient use of captive raw material sources, if approved.

Investors have been concerned over Tata Steel overextending itself as it did with the mega-acquisition of Corus in the UK in 2007. However, analysts are positive about India's steel demand in the years ahead. A likely improvement in capacity utilisation (currently 60%) could result in an improvement in operating profitability at Bhushan Steel, helping to absorb fixed costs and leading to better realisation.

Story So Far

2010
Bhushan Steel was shouldering loans worth ₹11,404 cr. Still, co went on a borrowing spree to finance Odisha expansion

2012
Steel prices fell to \$300/tonne that Dec from a 2008 peak of \$1265/tonne

2014
Bhushan Steel's total debt rose to ₹35,710 cr including interest



2017
SFIO started probe to see whether company's management had diverted bank loans

2017
NCLT allows lenders to begin insolvency proceedings against Bhushan Steel



2016
Debt touched ₹46,062 cr in March



Shyam Metalics Plans ₹900-cr IPO, Files Red Herring Prospectus

Our Bureau

Mumbai: Shyam Metalics and Energy, a Kolkata-based metal producing company, filed its draft red herring prospectus (DRHP) with the market regulator SEBI for raising about ₹900 crore through its maiden initial public offering (IPO).

The IPO comprises a fresh issue of shares with a face value of ₹10, worth up to ₹909 crore, according to the DRHP. ICICI Securities, Edelweiss Financial Services, IIFL Holdings and JM Financial are the bankers to the issue.

According to the objects of the issue, Shyam Metalics and Energy Limited will utilise the proceeds toward repayment and/or pre-payment of certain debt facilities availed by the company and one of its subsidiaries, SSPL, and other general corporate purposes.

Shyam Metalics is one of the largest manufacturers of long steel products and ferro-alloys in the country. It

offers a range of intermediate and final products across the value chain and maintains a track record of positive EBITDA since the commencement of its operations in 2005.

Total income of the company increased at a CAGR of 42.57% from ₹1,932.42 crore in FY 2016 to ₹3,928.10 crore in FY2018, while EBITDA increased at a CAGR of 124.08% from

₹141.76 crore in FY2016 to ₹711.81 crore in FY2018.

It operates three manufacturing plants — one in Odisha and two in West Bengal — with an aggregate installed metal capacity of 2.90 MTPA. The

manufacturing plants also include captive power plants with an aggregate installed capacity of 164 MW. The Odisha manufacturing plant caters to customers in southwest India, whereas the West Bengal manufacturing plants service customers in Northeast India.

The company plans to utilise the proceeds of the issue towards repayment of debt availed by itself and subsidiaries

US tariffs: Steel Ministry in discussions with industry on revised proposal to sort out issue

No consensus among players on whether import quotas should be accepted

AMITI SEN

New Delhi, August 7

With India deferring imposition of retaliatory duties on US goods till mid-September, the Steel Ministry is in consultation with the industry to arrive at a broadly acceptable "compromise proposal" to settle the issue of penal tariffs imposed by Washington on import of steel and aluminium from the country.

"There is confusion in our industry on how the contentious issue of tariffs on aluminium and steel should be settled as the US is unwilling to roll back its decision in its entirety. There is a possibility that the US could agree not to impose the addi-

tional tariffs on imports within a quota limit. However, there is no agreement within the industry on the minimum quota that should be acceptable to India," a government official told *BusinessLine*.

In March, the Trump regime imposed additional import duties of 25 per cent and 10 per cent on steel and aluminium respectively on a number of trading partners including India, China, the EU, Canada, Japan, South Korea and Mexico citing national security concerns.

After trying to convince Washington to withdraw the "unfair" duties against India bilaterally and at the World Trade Organisation, New Delhi issued



Trade trouble In March, the Trump regime imposed additional import duties of 25 per cent and 10 per cent on steel and aluminium, respectively, on a number of trading partners, including India BLOOMBERG

a notification on June 20 proposing retaliatory import duties on 29 items from the US totalling \$241 million from August 4, which has now been deferred to September 18.

According to industry estimates, India exports steel and alu-

minium worth \$1.5 billion to the US annually.

"There is no unanimity amongst steel and aluminium producers on the quota issue. While some are in favour of imposition of quotas, some are not. There is also no agreement on the minimum amount of

quota that should be acceptable to India for a deal to be struck with the US. The Steel Ministry is trying to get all sections of the industry on the same page so that a common view can be evolved," the official added.

Once the Steel Ministry is ready with its latest proposal, it will be shared with the Commerce Ministry for its inputs. "Once the revised proposal is ready, it would be sent to the US Trade Representative's office for its views. If the USTR is happy with the proposal then the two sides could meet to finalise it," the official said.

Interestingly, while India has deferred its decision to impose retaliatory duties on the US, others such as China, the EU, Mexico, Turkey and Canada have already put in place such tariffs.

Bid to lift Goa mining ban

OUR SPECIAL CORRESPONDENT

New Delhi: The government plans to take legal opinion to amend a law to allow the renewal of mining leases in Goa as a way to overcome a Supreme Court ban.

"Options are being considered with respect to amendments in law to remove impediments in mining," Goa chief minister Manohar Parrikar told reporters here, without elaborating what those amendments could be. He said the panel of Group of Ministers will seek legal advice.

Parrikar, who met Prime Minister Narendra Modi and later attended the ministerial panel meeting in the capital, said mineral exports from the state have come to a halt impacting the lives of about 1.5 lakh people and that the mining sector is now staring at total collapse.

He said the ministerial panel has as-



Options are being considered with respect to amendments in law to remove impediments in mining

MANOHAR PARRIKAR
Goa chief minister

sured him that it will look into the issues facing the natural resources sector in the state. The next meeting of GoM slated later this month could consider the legal opinion.

The state's mining industry has been shut since March 16 this year after the Supreme Court, in an order in February, cancelled 88 leases and banned the extrac-

tion of fresh iron ore. Parrikar also presented a copy of a resolution passed by the Goa legislature for the resumption of mining during his meeting with the Prime Minister. He said Modi directed him to brief the ministerial panel.

Later, a delegation of Goa MLAs led by the chief minister made a detailed presentation about state mining to the GoM. The ministerial group of transport minister Nitin Gadkari, law minister Ravi Shankar Prasad, mines minister Narendrasingh Tomar discussed options and decided to seek legal opinion.

The BJP government in Goa has proposed an amendment to Section 2 of the Goa, Daman and Diu (Abolition of Concession and Declaration as Mining Leases) Act, 1987. The amendment would extend the validity of the leases from 2007 by at least 20 years.

AG Blames SC for Ruining Mining, Telecom, Coal Sectors

SUPREME COURT RETALIATES SAYING WHERE ARE INSTITUTIONS TO GIVE EFFECT TO MNREGA, FOOD SAFETY ACT

Samanwya.Rautray
@timesgroup.com

New Delhi: A day after the Supreme Court adversely commented on the high incidence of rapes in the country and expressed concern over the Muzafarnagar case, Attorney General of India K.K. Venugopal accused the top court of ruining the telecom, mining and coal sectors by cancelling licenses and urged the court to keep the government's budgetary constraints in mind when it intervened in myriad sectors through PILs.

In this context, the central government's senior-most law officer cited the top court's decision to ban liquor vendors alongside national highways. "Thousands of people lost their jobs," the AG said. He also spoke about the 2g and the coal case judgments in which the court had en masse cancelled licenses due to "illegalities".

"FDI was hit by the cancellation of licenses. Coal prices have shot up and there is a shortage of coal," he told a bench led by Justice Madan B. Lokur when the court demanded that the government act to unclog the overcrowded jails, something that would require regular audits of jails and entails extra budgetary outlays.

Justice Lokur, who heads the court's social justice bench, had yes-



terday commented adversely on the high incidence of rapes and demanded government accountability on this score.

His comments came days after a global survey declared India as one of the most unsafe countries in the world for women, something that the government dismissed as based on perception, not facts.

India is a developing country, the AG said, in an unprecedented show-down with Justice Lokur in open court. "Budgetary allotments for one sector come at the expense of another. Two hundred million people are still below the hunger line. The government can't be asked to look at other sectors," he said.

It's time for the court to examine the budgetary impact of PILs, he said.

Justice Lokur dismissed his criticism and demanded to know why the

government hadn't bothered to use any of the over Rs 150,000 cr collected by the court so far under different heads. "These are lying unutilised."

These were collected by the court by way of CAMPA, cess for construction workers and fines for illegal mining in Odisha, Karnataka and Goa. "There's no dearth of funds," he said. "What are they being used for? To buy laptops when construction workers were illiterate and washing machines when they have no clothes," he said.

Justice Lokur then went on to ask the AG to get government officials to act if it wanted the court to stop intervening to protect Article 21 of citizens.

"Article 21 will stay," Justice Lokur said. "We are only enforcing Article 21 (which guarantees the citizen's right to life and liberty). Why have

the institutions to make MNREGA and Food Safety Act work not been set up? Where are your institutions? Get your officers to act."

The AG concluded by saying that the Centre was helpless when it comes to issues which fall in List II of the Seventh Schedule which fall in the domain of states. It can only issue directions to states on issues such as jail reforms which have been assigned by the Constitution to the states, he said.

"We have issued repeated directions to states," he said. He urged the court to ask them to act as the Central directives were often ignored.

Justice Lokur said that the Centre always had a remedy for this, not the court. The AG sought to know the remedy. Lokur said: "Article 356 (dismissing state government)." Not to be outdone in this war of words in the crowded court-room, the AG quipped: "Your lordships will then strike it down."

The bench eventually directed that a committee be set up under a retired judge and officials with expertise in jail reforms to release from jails under-age children, those who have already got bail but unable to pay and others who are stuck because of red tape despite getting bail. The committee will come up in 10 days.

The court will also examine if jail manuals were in sync with court rulings which bar custodial torture.

MCX Nickel gains traction

GURUMURTHY K

BL Research Bureau

The nickel futures contract on the Multi Commodity Exchange (MCX) reversed lower initially in the past week after a high of ₹960. However, the decline was short-lived. The contract has managed to recoup all the loss after touching a low of ₹900. It is currently trading at ₹959/kg.

Broadly, the contract has been range-bound between ₹900 and ₹960 for more than three weeks. The price action on the chart suggests that the contract lacks fresh sellers to drag it below ₹900. This increases the possibility of the contract breaking the current range above ₹960 in the

A break above ₹985 will then increase the likelihood of the contract extending its upmove to ₹1,000 and ₹1,020 per kg levels

coming sessions. Such a break can take it higher to ₹985 initially. A further break above ₹985 will then increase the likelihood of the contract extending its upmove higher to ₹1,000 and ₹1,020. It will also turn the medium-term outlook bullish for the target of ₹1,100 levels.

There is strong support in the ₹900-890 region. The contract

will come under renewed pressure only if it declines below ₹890 decisively. The next targets will be ₹865 and ₹850. However, such a sharp fall looks unlikely at the moment. Intermediate dips to ₹900 are likely to get fresh buying interest.

Traders with a medium-term perspective can go long at current levels and also accumulate on dips at ₹940 and ₹925. A stop loss can be placed at ₹880 for the target of ₹1,120. Revise the stop loss higher to ₹975 as soon as the contract moves up to ₹990.

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

NMDC post ₹975-crore Q1 profit

Hyderabad, August 9

Iron ore mining major NMDC has registered a profit of ₹975 crore for the first quarter ended June 30, up a marginal 1 per cent from the ₹969 crore posted in the previous year period. Its turnover was down 15 per cent at ₹2,422 crore (₹2,842 crore). Production and sales of iron ore stood at 6.98 million tonnes and 6.78 mt respectively. **OUR BUREAU**

DIVIDEND YIELD which stood at 3.5% last year, could be higher on better earnings, making the stock attractive

Strong Show Could See Nalco Equal Full-Year Profits in H1

Jwalit.Vyas@timesgroup.com

ET Intelligence Group: State owned Nalco, the lowest cost alumina producer globally, saw its earnings expand more than five-fold in the first quarter at decade-high operating margins, paced by surging alumina prices that remain high because of global supply constraints.

Dividend yields alone could make the stock attractive if the largest alumina producer manages to sustain its operating performance.

On last year's dividend of ₹2, the yield at the current price comes to 3.5%. With a sharp jump in earnings this year (more than double), the dividend expected this year is much higher. In the June quarter, Nalco's sales grew by 65% year on year to ₹2,973 crore, EBIDTA (operating profit before tax) by 344% to ₹1,011 crore and adjusted net profit by 433% to ₹687 crore. Sales volumes jumped 24%. EBIDTA margin at 35% was the highest since June 2009.

Nalco operated its alumina business at 100% capacity utilisation and expects to take it higher. Analysts expect the company to equal its en-

Q1 Performance

	Q1 FY19	Q1 FY18	YoY Chg
Net Sales	2,973.31	1,802.69	64.9
EBIDTA	1,011.09	227.5	344%
Net Profit	687.05	128.94	433%
EBIDTA Margin	34.0%	12.6%	2140 bps

(Fig in ₹ crore)

ADVANTAGE NALCO



Global alumina giant Alunorte shut its Brazil plant in March, pushing prices up by 75% YoY

tire last year's profits in the first half of the current fiscal itself.

Such strong performance resulted from a sharp surge in alumina prices after global giant Alunorte shut down its alumina refineries in Brazil due to environmental issues

in March this year. This has resulted in tight alumina markets and alumina prices are up 75% year on year.

Nalco enjoyed 10% premium over international prices. Its average alumina realisation for the June quarter stood at \$555 per tonne.

Latest reports suggest that the uncertainties over Alunorte's production continue. The Nalco Management said that it will realise around \$520-\$530 per tonne on alumina, which will keep the overall operating profits high.

On Thursday, Nalco's stock closed at ₹72.2, 7.2% higher, after the company reported strong numbers.

Rs 2000-crore fraud

"Fraudulent activities contributed to the company becoming insolvent. Bhushan Steel Limited is one of the 12 big cases that had been referred for insolvency resolution by banks. Tata Group has taken-over management of the company from the Singals. SFIO investigation is on-going," the ministry said.

The erstwhile promoters and directors of BSL, the government said, have not been co-

operating with the investigation until now. Apart from failing to appear before the investigation team, material facts were also concealed, the government said.

Acquisition of Bhushan Steel by a Tata Group company was the first large case of resolution under the insolvency and Bankruptcy Code (IBC). In May, Barnipal Steel Ltd (BNPL), a wholly-owned subsidiary of Tata Steel, acquired controlling stake of 72.65 per cent in Bhushan Steel Ltd for around Rs 36,400 crore.

A new management has taken over the

company. The total claims of financial creditors were Rs 56,018 crore and that of operational creditors of Rs 843 crore while the liquidation value for Bhushan Steel was Rs, 14,541 crore.

"The arrest has been made by in exercise of the powers under Section 212(8) of the Companies Act, 2013, based on the material in its possession which has revealed that Neeraj Singal is guilty of indulging in serious corporate fraud punishable under Section 447 of the Companies Act, 2013," the government said.

BENCH SEEKS REPORT ON POLLUTION

NGT allows Vedanta access to administrative unit of Sterlite plant

EXPRESS NEWS SERVICE
NEW DELHI, AUGUST 9

THE NATIONAL Green Tribunal (NGT) on Thursday allowed Vedanta access to its administrative unit in the Sterlite Copper plant in Tuticorin, Tamil Nadu. However, the bench said the company did not have access to its production unit and directed the district magistrate to ensure this.

A bench headed by NGT chairperson Justice (retd) A K Goel directed the Tamil Nadu Pollution Control Board to submit within 10 days data on pollution around the Sterlite Copper plant. The bench also made it clear that it would hear Vedanta's plea on merits and rejected the state government's submission that the tribunal did not have the jurisdiction to hear the case.

In the last hearing on July 30, the NGT had refused to grant interim relief to Vedanta, which had challenged a Tamil Nadu government order to permanently shut down its plant in

Tuticorin. Earlier, the tribunal had issued notices to the state government and the pollution board, seeking their responses after Tamil Nadu raised preliminary objections with regard to the maintainability of Vedanta's plea.

The Tamil Nadu government had, on May 28, ordered the state pollution control board to seal and "permanently" close the mining group's copper plant following violent protests over pollution concerns. Earlier in April, the Tamil Nadu pollution control board had rejected Sterlite's plea to renew the Consent To Operate certification, saying the company had not complied with the stipulated conditions. Following this, the government issued a permanent closure notice to the plant.

Residents around the Sterlite Copper plant began fresh protests that continued for 100 days after the unit announced fresh plans to expand its operations in Tuticorin. This culminated in the May 22 police firing on protesters that claimed 13 lives and left scores injured.

NAV BHARAT

DATE : 10/8/2018 P.N.6

नालको को पहली तिमाही में 889 करोड़ का परिचालन लाभ

नवभारत समाचार सेवा

भुवनेश्वर. सार्वजनिक क्षेत्र की नवरत्न कम्पनी नेशनल एल्युमिनियम कम्पनी लि. नालको ने चालू वित्त वर्ष की पहली तिमाही में 687 करोड़ का क्र पश्चात लाभ अर्जित कर शानदार कार्य निष्पादन को दोहराया है. पिछले वर्ष की चौथी तिमाही में अर्जित 257 करोड़ से यह 167 फीसदी अधिक है. शुद्ध लाभ भी 129 करोड़ से बढ़कर 687 करोड़ तक हो गया है, जो 433 फीसदी वृद्धि को दर्शाता है. नालको का परिचालन लाभ दोगुना से अधिक बढ़ा है. वित्त वर्ष 2017-18 की चौथी तिमाही में हुए 362 करोड़ की तुलना में 2018-19 में बढ़कर 889 करोड़ हो गया है. पिछले तिमाही की तुलना में भी यह 18 से 36 फीसदी तक बढ़ा है. उल्लेखनीय है कि 2018-19 की पहली तिमाही में 687 करोड़ के शुद्ध लाभ के आंकड़े वर्ष 2013-14 में हुए 642 करोड़ के कुल शुद्ध लाभ को भी पार कर गया है. लागत पर ध्यान देना, उत्पादन और गुणवत्ता पर जोर देना और बिक्री पर फोकस करने से ही यह वृद्धि हासिल हुई है. तिमाही के दौरान बाक्सडैट उत्पादन 18.59 लाख टन हुआ.

NCLAT upholds Electrosteel sale to Vedanta

NEW DELHI, Aug 10 (PTI)

THE National Company Law Appellate Tribunal (NCLAT) on Friday upheld the sale of Electrosteel Steel Ltd to Vedanta Ltd, saying the mining baron Anil Agarwal-led firm was eligible to bid for the debt-laden firm.

It rejected the contention of Renaissance Steel, a rival bidder for Electrosteel, that Vedanta was ineligible to bid under Insolvency and Bankruptcy Code as one of connected group firm - KCM in Zambia, had been found guilty of violating certain environmental laws, punishable with two or more years of imprisonment.

In its order, the appellate tribunal said that although Vedanta Resources Plc was convicted for the offence punishable under

..approves Bhushan sale to Tata Steel

THE National Company Law Appellate Tribunal (NCLAT) on Friday upheld the sale of Bhushan Steel to Tata Steel, rejecting allegations of its ineligibility by the promoters of the debt-ridden firm. The appellate tribunal also rejected claims of engineering and construction major L&T, an operational creditor of Bhushan Steel Ltd, opposing Tata Steel's resolution plan seeking a higher priority in debt resettlement.

An NCLAT bench headed by Chairman Justice SJ Mukhopadhyaya rejected the claims of its promoters Neeraj Singal that Tata Steel was ineligible to bid for Bhushan Steel under section 29 A of the Insolvency & Bankruptcy Code (IBC).

The appellate tribunal said that Tata Steel UK, a foreign subsidiary of Tata Steel, which was fined by an English court in February 2018 under UK Act, had a provision of 'imprisonment for a term not exceeding twelve months, or a fine, or both'.

While, the provision in Section 29A (d) of IBC, which deals with eligibility, stipulates "has been convicted for any offence punishable with imprisonment for two years or more", cannot be equated with Section 33(1)(a) of the 'UK Act, said NCLAT.

Section 91(1) of Zambia Act, which has provision for a fine or imprisonment for a term not exceeding three years or both, no directors was convicted for it.

"We hold that Vedanta Resources Plc, who is a connected person of Vedanta Limited is not covered by clause (d) of Section 29A of the I&B Code," said a NCLAT bench headed by Chairman Justice S J Mukhopadhyaya. It further said, "In view of the aforesaid findings, we hold that 'Vedanta Limited' is eligible and clause (d) of Section 29A of the 'I&B Code' is not attracted in its case." Section 29A of the IBC mandates that a person convicted for any offence punishable with imprisonment for two years or more is ineligible for submitting a resolution plan.

BUSINESS LINE DATE : 11/8/2018 P.N.5

Tata Steel and Vedanta eligible to buy stressed assets of Bhushan Steel and Electrosteel: NCLAT

OUR BUREAU

Mumbai, August 10

The National Company Law Appellate Tribunal (NCLAT) on Friday dismissed a petition questioning the eligibility of Tata Steel and Vedanta to acquire the stressed assets of Bhushan Steel and Electrosteel in an insolvency driven process.

The promoter of Bhushan Steel, Neeraj Singhal, had questioned Tata Steel's eligibility under Section 29A of the Insolvency and Bankruptcy Code (IBC) as the latter's UK subsidiary was penalised under the British law for violation of the UK Health and Safety at Work



The promoter of Bhushan Steel had questioned Tata Steel's eligibility under Section 29A of IBC as its UK arm was penalised for violation of the UK Health and Safety at Work Act. BLOOMBERG

Act. Meanwhile, Renaissance Steel challenged billionaire Anil Agarwal-promoted Ved-

anta's eligibility to acquire Electrosteel as it was punished in Zambia for environment viola-

The NCLAT said the offences of Vedanta Resources-owned Konkola Mines and Tata Steel UK were not too severe under IBC

tion. Section 29A of IBC mandates that a person convicted for any offence punishable with imprisonment for two years or more is ineligible for submitting a resolution plan. It applies even if such a conviction has been made under foreign laws.

Pronouncing its verdict on

both the cases together, the NCLAT said the offences of both Vedanta Resources-owned Konkola Copper Mines and Tata Steel UK were found to be less severe than those deemed ineligible under the insolvency code; both the bidders were found to be eligible to submit resolution plans in the respective insolvency resolution cases of Electrosteel and Bhushan Steel.

The NCLAT declined to interfere with the approval of the resolution plan by the National Company Law Tribunal, Kolkata, said Vedanta in a statement on Friday.

'India can meet 300 mtpa steel production target by 2030'

But tech, raw material challenges have to be addressed, say experts

CH R S SARMA

Visakhapatnam, August 10

India has the potential to treble crude steel production by 2030 from the present level of roughly 100 million tonnes per annum (mtpa), but that alone will not be sufficient to make it a dominant player in the global market, according to experts.

They were speaking here on Friday at the inaugural of a two-day conference on steel-making organised by the magazine *Steel and Metallurgy*.

P Raychaudhury, Chairman and Managing Director, Visakhapatnam Steel Plant, said the target of 300 mtpa of crude steel by 2030 is "certainly daunting, but not unattainable". There should not be any worry about domestic steel demand, as the government had taken up massive infrastructure projects, he added.

Y Sivasagara Rao, former CMD of Visakhapatnam Steel Plant, said moderate growth will be witnessed in the steel sector in the next few years.

Sustaining production

The Indian economy is growing at a pace that can sustain the level of steel production and consumption, as envisaged in the Steel Policy, 2017, and there should not be any undue concerns on domestic steel demand, he added.

AK Rath, CEO of Durgapur Steel Plant (SAIL), said retrofitting of the old steel plants should be taken up seriously as



Visakhapatnam Steel Plant CMD
P Ray Chaudhury CV SUBRAHMANYAM

it is rather difficult to set up greenfield plants due to issues such as land acquisition.

AS Phiroj, an economist, said the domestic steel demand will be roughly 227 mtpa by 2030, and the rest (73 mtpa) will be available for export. Steel capacity, at present roughly 137 mtpa, will go up to about 155 mtpa in two years and 145 mtpa will have to be added by 2030 to achieve the target, he observed. Subrata Mitra, JMD of MN Dastur Co Ltd, said special steels would have to be produced in the country on a sufficient scale and "we are still importing them".

M Venkataraman, CTO of Saarloha Advanced Materials Pvt Ltd, said technology management and raw material challenges have to be addressed.

"We have plenty of iron ore in the country, but unfortunately it is low-grade ore and we have to import coking coal from Australia and other countries," he said.

Hindustan Copper Ltd eyes Rs 10k cr turnover by FY24

MUMBAI, Aug 10 (PTI)

STATE-RUN Hindustan Copper is looking to achieve a turnover of Rs 10,000 crore by financial year 2023-24 through capacity expansion, a top company official said. The company earlier this month had also announced its plans to spend Rs 5,500 crore to expand its production capacity by six times from 3.6 million tonne per annum (mtpa) at present to 20 mtpa by FY24.

"We aim to achieve a turnover of Rs 10,000 crore by FY24 through capacity expansion," Hindustan Copper Chairman and Managing Director, Santosh Sharma told reporters here.



The company had clocked a turnover of Rs 1,700 crore in FY18, which would be increased to Rs 3,000 by FY20 and to Rs 10,000 crore by FY24 following completion of the expansion plans, he said.

Of the Rs 5,500 crore planned capex, around 50 per cent would be funded through internal accruals, Rs 1,200 crore through equity and the remaining through debt over a period of six years, according to Sharma.

Hindustan Copper at present meets 4 per cent of the country's copper requirement, and Sharma said the Rs 300-crore Gujarat copper project would soon become operational and add 50,000 tpa capacity by March next year.

Vedanta Eligible to Buy ElectroSteel: NCLAT

Our Bureau

Mumbai: The National Company Law Appellate Tribunal (NCLAT) ruled that Anil Agarwal-controlled Vedanta is eligible to acquire the stressed ElectroSteel, dismissing an appeal from Renaissance Steel that challenged the sale award under corporate insolvency and bankruptcy proceedings.

ElectroSteel failed to repay bank loans worth more than ₹13,000 crore.

"We are not inclined to interfere with the impugned order...passed in the case of the ElectroSteel India, which are under challenge in the company appeal...", said S.J. Mukhopadhyaya and Bansi Lal Bhat, two member judges, in the order. "They are, accordingly, dismissed."

The National Company Law Tribunal had, in April, approved Vedanta's resolu-

tion plan for ElectroSteel Steels, making it the first among a dozen large stressed accounts the RBI directed to be put on a fast-paced resolution process under the Insolvency and Bankruptcy Code.

The resolution plan entailed a ₹5,300-crore cash payout with a 60% loan loss for lenders.

Last year, lead lender State Bank of India filed an insolvency petition in Kolkata, which was admitted in July 2017. The NCLT's Kolkata chapter approved Vedanta's bid to acquire ElectroSteel Steels.

The appellate tribunal turned down the objection by Renaissance Steel India that argued Vedanta was ineligible to bid, as one of its affiliates was found guilty in Zambia of an environmental regulations violation.

Renaissance approached NCLAT against NCLT's order.

Bhushan Steel Sale to Tata Steel Gets Nod

PTI

New Delhi: The National Company Law Appellate Tribunal (NCLAT) on Friday upheld the sale of Bhushan Steel to Tata Steel, rejecting allegations of its ineligibility by the promoters of the debt-ridden firm. The appellate tribunal also rejected the claims of engineering and construction major L&T, an operational creditor of Bhushan Steel, opposing Tata Steel's resolution plan seeking a higher priority in debt resettlement. An NCLAT bench headed by chairman justice S.J. Mukhopadhyaya rejected the claims of its promoter Neeraj Singal that Tata Steel was ineligible to bid for Bhushan Steel under section 29 A of the Insolvency & Bankruptcy Code (IBC).

The appellate tribunal said that Tata Steel UK, a foreign subsidiary of Tata Steel, which was fined by an Eng-

lish court in February 2018 under the UK law, had a provision of imprisonment for a term not exceeding 12 months, or a fine, or both.

While, the provision in section 29A (d) of IBC, which deals with eligibility, stipulates "has been convicted for any offence punishable with imprisonment for two years or more", cannot be equated with Section 33(1)(a) of the UK Act, said NCLAT.

"We hold that Tata Steel UK, which is the connected person of Tata Steel Ltd, does not attract the disability under Section 29A of the I&B Code and for the said reason, we also hold that Tata Steel Limited is eligible to file the resolution plan," said NCLAT.

Section 29 A of the IBC mandates that a person convicted for any offence punishable with imprisonment for two years or more, is ineligible for submitting a resolution plan.

Trump doubles steel and aluminium tariffs on Turkey

Says U.S. relations with Ankara are not good at this time

AGENCE FRANCE-PRESSE
WASHINGTON

U.S. President Donald Trump said on Friday that he had doubled steel and aluminium tariffs on Turkey, adding to the pressure on the nation's troubled economy amid a diplomatic row with Washington.

"I have just authorised a doubling of Tariffs on Steel and Aluminium with respect to Turkey as their currency, the Turkish Lira, slides rapidly downward against our very strong Dollar!" Mr. Trump said on Twitter. "Our relations with Turkey are not good at this time!"

His announcement came as Turkey's embattled lira hit new record lows against the U.S. dollar and euro, losing nearly 9% in value as strains with America showed no sign of abating



Recep Tayyip Erdogan

and fears grew over the exposure of European banks.

However, the White House later clarified that Mr. Trump's announcement "authorised the preparation of documents" to raise the tariffs. That means it will likely take some time to implement. Washington imposed the metals tariffs on national security grounds, claiming the glut of steel and aluminium harmed U.S. companies and the economy. It is unclear how that

would justify higher tariffs on Turkey but not other countries. Turkey remains at loggerheads with the U.S. over the detention of American pastor Andrew Brunson and a host of other issues.

Direction of economy

Meanwhile, markets are deeply concerned over the direction of economic policy under President Recep Tayyip Erdogan, with inflation at nearly 16%, but the central bank reluctant to raise rates in response.

Mr. Erdogan on Friday called on Turks to support their struggling currency. "We will not lose the economic war," he said. "If you have dollars, euros or gold under your pillow, go to banks to exchange them for Turkish lira. It is a national fight."

NAVABHARAT

DATE : 13/8/2018 P.N.11

कच्चा इस्पात

उत्पादन 6 प्रश बढ़ा

एजेंसियां

दिल्ली. देश में कच्चे इस्पात का उत्पादन जुलाई में 6 प्रश बढ़कर 87.3 लाख टन हो गया. संयुक्त संघर्ष समिति ने अपनी नवीनतम रपट में यह जानकारी दी है. इस्पात मंत्रालय के तहत काम करने वाली जेपीसी देश में एकमात्र निकाय है जो लौह एवं इस्पात क्षेत्र के आंकड़े जुटाती है. पिछले साल जुलाई में देश का इस्पात उत्पादन 82.2 लाख टन था. जेपीसी की नवीनतम रपट के अनुसार सार्वजनिक क्षेत्र की सेल, राष्ट्रीय इस्पात निगम लि. और निजी क्षेत्र की टाटा स्टील, एस्सार स्टील, जेएसडब्ल्यू स्टील एवं जेएसडब्ल्यू स्टील एंड पावर लिमिटेड का कुल उत्पादन जुलाई में 52.3 लाख टन रहा है. जुलाई 2017 के 47.8 लाख टन उत्पादन के मुकाबले यह 9.48% अधिक है.

Gold stays afloat amid strong dollar

CFTC data indicate a possible upward reversal on the back of short-covering

GURUMURTHY K

The yellow metal managed to sustain above the psychological \$1,200 mark in spite of the dollar strengthening sharply last week. It closed the week at \$1,210 per ounce.

This movement has left the immediate outlook mixed for the yellow metal. The price action in the coming days will need a close watch, which may give a cue on the next move.

Dollar gains momentum

The US dollar index surged over a per cent on Friday after US President Donald Trump doubled the import tariffs on aluminium and steel for Turkey. This had triggered a sharp sell-off in the risky assets, and in turn, the US dollar surged, gaining safe-haven status on Friday. Though gold has not gained sheen from the on-going tariff war by the US, its ability to sustain above \$1,200 last week amid a strong dollar is a positive.

This indicates that the yellow metal is lacking fresh sellers to drag it below \$1,200. It also increases the possibility of gold gaining safe-haven status in the futures if the fear on the trade war front intensifies. However, as the US dollar remains strong, the pace of

up-move could be slow in gold, even if it gains safe-haven status. The dollar index (96.35) has decisively breached a key resistance level of 95.60. The level of 95.6 will now act as a strong support for the index. Resistance is at 96.70. A break above it can take the index higher to 97.25 in the near term. A further break above 97.25 will then increase the likelihood of the dollar index targeting 98 over the short term. A strong dollar may continue to keep the gold prices subdued.

Reversal on the cards?

Data from the US Commodity Futures Trading Commission (CFTC) suggests that the current down-trend in gold could be nearing an end. The net positions (longs minus short positions) of non-commercial traders in the COMEX — gold futures — have declined to 12,688 as of August 7 from 1,48,837 a year ago. An analysis of this data from the past shows that the net positions have reversed higher every time it nears or declines below 10,000. This indicates that a further downside in gold could be limited and an upward reversal on the back of a short-covering is on the cards.

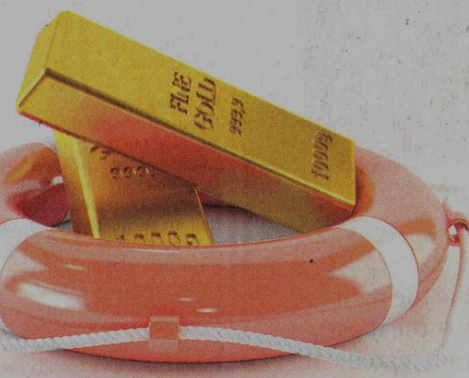
The global spot gold price

(\$1,210 per ounce) has crucial supports at \$1,200 and then in the \$1,190-\$1,185 region. If the metal breaks below \$1,200, it can fall to test the \$1,190-\$1,185 support zone. Whether gold breaks below \$1,185 or not will decide the next move.

The level of \$1,185 is a strong long-term support which is likely to halt the current fall. A bounce from this support can take gold prices higher to \$1,200 and \$1,225. But, if gold breaks below \$1,185, the prices can fall to \$1,165 or even \$1,150 thereafter.

On the other hand, if the global spot gold prices manage to sustain above \$1,200, a bounce back to \$1,235 or \$1,240 is likely in the short term. In such a scenario, a range-bound move between \$1,200 and \$1,240 is possible for some time. The downside pressure will ease if gold manages to decisively surpass \$1,240. The next targets are \$1,250 and \$1,260.

On the domestic front, the gold futures contract on the Multi Commodity Exchange (MCX) inched higher last week. The contract has closed at ₹29,783 per 10 g, up 1 per cent for the week. As long as the contract remains above ₹29,500, the short-term out-



GETTY IMAGES/ISTOCKPHOTO

look will be positive. A rally to ₹30,000 and ₹30,180 is possible in the coming days. A strong break above ₹30,180 will then increase the likelihood of the contract rallying to ₹30,500 and ₹30,600 thereafter. The outlook for the contract will turn negative only if it declines below ₹29,400. Such a break can drag it to ₹29,000.

Dip likely in silver

Silver has been failing to breach decisively above \$15.50 per ounce over the past three consecutive weeks. The global spot silver prices made a high of \$15.51 and has reversed lower to close the week at \$15.31 per ounce, down 0.7 per cent. The near-term view is negative. The prices can dip to

test the crucial support level of \$15 in the coming days. A bounce from this support can take the prices higher to \$15.5 and \$15.6 again. But a break below \$15, though less probable, can drag silver lower to \$14.4 or even \$14 thereafter.

On the other hand, the outlook for the MCX-Silver futures contract is mixed. The contract has been hovering around \$38,000 per kg for more than a week. Resistance is at ₹38,300 and support is at ₹37,750. A breakout on either side of ₹37,750 or ₹38,300 will decide the next move.

A strong break above ₹38,300 can take the contract higher to ₹38,650. On the other hand, a break below ₹37,750 can drag it to ₹37,500 or even ₹37,000.



MCX Gold

Supports:
₹29,400/29,000
Resistances:
₹30,180/30,500

MCX Silver

Supports:
₹37,750/37,500
Resistances:
₹38,300/38,600

Metals market steels itself for more stress

Trade spats, a stronger dollar and Chinese economy slowdown impact prices

G CHANDRASHEKHAR

In recent months, prices of industrial metals have been under intense downward pressure, primarily on fears of heightened protectionism as many believe; but there is more to it. Without doubt, metals have been at the forefront of the trade spats. It all started with tariffs on imported steel and aluminium imposed by the US, followed by retaliatory action. However, currency (a stronger dollar) has surely played a part, while the China factor, too (anticipated slowdown in the second half of the year), has had a significant impact on the prices of most base metals.

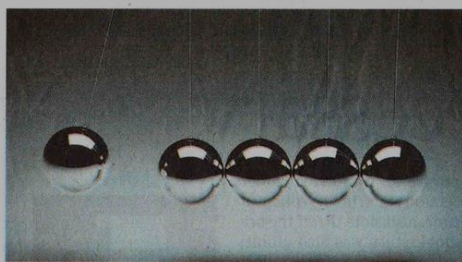
This has naturally resulted in negative investor sentiment, which—as is its wont—has exacerbated the price action. Copper, for instance, has lost almost 7 per cent in value over the last one month, having fallen to \$6,150 a tonne on August 6 from around \$6,500-a-tonne level a month earlier.

Aluminium is no exception. Early August price of \$2,105 a tonne means a 5 per cent decline from levels a month earlier. Interestingly, the fall in metals prices is despite the ongoing healthy global growth expansion. Led by the US, the engine of global growth, the world economy should grow about 3.5 per cent in 2018, experts believe, while the possibility of Chinese economy slowing would act as headwind.

More bad news

Given that trade tensions, especially between the US and China, two of the world's largest economies, continue to escalate with tariffs and counter measures, the metals market is likely to come under even more intense pressure in the months ahead.

The US duties have been largely directed at the Chinese electronics and automobile industries. It is common knowledge that the two sectors are metals-intensive—



ISTOCK.COM/TMEKS

they are large end-users of a variety of metals—and therefore demand can potentially take a hit.

So, what's the outlook from here on? There is risk of a further price fall. For one, anticipated Chinese slowdown for reasons both domestic (decelerating credit availability) and external (tariff on Chinese metals products) is sure to reduce demand for a variety of metals. Fixed-asset investment has slumped, while construction activity is cooling. In other words, demand prospects for metals such as steel, copper and zinc have deteriorated.

The currency factor will continue to operate. If any-

thing, the dollar has benefited from the ongoing trade problems.

Strong dollar

The US dollar is expected to remain strong. This is because the US economy is performing well and the US Federal Reserve is most likely to announce two rate hikes in the second half of the year. The greenback is expected to remain strong until 2019. The inverse relationship between dollar and metals is well known. A stronger dollar caps the upside for the commodities traded in dollar terms.

There is also the view that the ongoing trade tensions have the propensity to escal-

ate further, rather than reduce. In the event, the metals market faces the risk of having to take bigger hits on the demand side than before. This will weigh on prices.

Who has the upper hand in the trade spat between the US and China is as yet unclear. The Chinese seem to be bent on not succumbing to the US pressure. China has identified a long list of over 5,000 US products that can potentially attract import tariffs. In other words, the world may witness a protracted trade war.

Copper is one metal whose prices have fallen sharply; but the ongoing wage negotiations with mine workers in Chile, a significant supplier of the metal (27 per cent mining production share), are being keenly watched. If the talks fail, there could be production outages with consequent impact on prices. However, this could be tempered by concerns over the health of the Chinese economy and growing refined output.

The author is a policy commentator and commodities market specialist.



Positive for US dollar

The US economy is performing well and the US Federal Reserve is most likely to announce two rate hikes in the second half of the year

Mining sector seeks lower tax, export duty exemptions

OUR BUREAU

New Delhi, August 13

The Federation of Indian Mineral Industries (FIMI) has sought rationalisation of tax on mining, and exemption from export duties on iron ore and bauxite.

In a press statement before its 52nd Annual General Meeting, the industry body said taxes and royalty for mining in India are the highest in the world.

"Effective Tax Rates (ETRs) work out to be as high as 64 per cent for the existing mines and 60 per cent for the

auctioned mines. Apart from the ETRs, there are hosts of other taxes, levies and cess due to which total financial burden goes beyond 100 per cent of the cost of mineral production," the statement said.

"There is, therefore, a need to rationalise the taxation structure for the mining sector for sustainable development and deriving long term benefits in terms of sustained raw material security," the statement added.

FIMI also called for a reduction of export duty on iron

ore. The statement said, "Since there is no domestic demand for iron ore with up to 62 per cent iron (Fe), the only alternative is to export. The export duty on more than 58 per cent Fe grade is 30 per cent ad valorem which makes exports unviable. Hence, FIMI reiterates that export duty on iron ore up to 62 per cent Fe should be removed completely, particularly iron ore of Jharkhand and Odisha."

FIMI also said an export duty of 15 per cent is charged on bauxite. "A number of

small bauxite mines in the State of Gujarat and Maharashtra have been closed or are operating at very low capacities. The quantum of exports of bauxite which had peaked to 8.91 million tonne during 2015-2016 has now sharply declined to about 1.5 million tonne. Considering that this low grade of bauxite is not suitable for the domestic aluminium industry, it would be prudent that we encourage the exports of such bauxite by removing the export duty," the statement said.

Steel demand likely to grow 10-11 pc over next 3 years

■ Business Bureau

DEMAND for steel in India is likely to see an annual growth of 10-11 per cent over the next three years, buoyed by a firming trend in the construction sector, among other factors, an official said.

"Going forward we have the potential of domestic steel demand growing at 10-11 per cent for another three years consequently if nothing extraordinary happens. But in normal circumstances I would expect that," Joint Plant Committee (JPC) Chief Economist A S Firoz said.

Domestic steel demand grew at 8 per cent in the first quarter of 2018-19, he said. "Given the kind of movement that is happening in the industries which consume steel, given the kind of momentum that has been built up in the construction industry. All this will raise steel demand significantly," he said. He noted



that industries like two-wheeler and auto are getting shaped up that will raise domestic steel demand in a big way.

Replying to a question, Firoz said the global trade conflict will not have any immediate impact on the Indian steel market.

US President Donald Trump has imposed 25 per cent import tariff on steel and 10 per cent on aluminium. However he said there are few constraints to steel production.

"One kind of constraints is that we may not have the kind of products that are in demand, there might not be domestic capacity. So when you don't have domestic capacity, you have a problem of meeting those demands. Imports will come in," he said.

World Steel Association had earlier said that in India, steel demand is expected to accelerate gradually, mainly driven by public investment. Empowered by Ministry of Steel,

High Court stays grant of mining lease of stone quarry

■ Staff Reporter

NAGPUR bench of Bombay High Court has granted a stay on allotment of stone quarry mining lease across Maharashtra, after it was informed that the policy of granting such leases through public auctions had not been put in place despite a specific announcement.

A division bench consisting of Justice Bhushan Dharmadhikari and Justice ZA Haq while hearing a petition filed by Uday Pramard and others against refusal of mining lease in respect of Gondia district, directed the respondent state not to allot any mining lease in respect of stone quarry, without its permission.

According to petitioner who claimed expertise in mining since last 25 years, his leasehold rights were not renewed nor public auction was conducted despite a specific communication dated October 27, 2017 informing that henceforth only through public auction such lease rights

would be allotted. He got leasing right for Village Raipur on April 6, 2013 and entered into formed UKP enterprises to lease the quarry, obtained all clearances from MPCB and other statutory bodies. Out of six leases, five leases had expired while one expired on Aug 3, 2018 and despite his repeated requests, same was neither renewed nor fresh auction was conducted thus putting his huge investment into jeopardy.

The petitioner claimed that many leasehold rights were sanctioned to other companies bypassing this norm and he was singled out for such a discriminatory treatment. Petitioner Pramard claimed that he is ready and willing to participate in auction process as per new policy as well and sought immediate auction or allow to operate the leased land as per terms and conditions stated by respondent authorities.

Adv Shreerang Bhandarkar appeared for the petitioners.

FROM THE COURT

Tata Steel's Q1 net more than doubles to ₹1,934cr

TIMES NEWS NETWORK

Mumbai: Boosted by strong volume growth in India and higher steel prices, the TV Narendran-led Tata Steel's first-quarter profit more than doubled to Rs 1,934 crore from Rs 921 crore in the year-ago period. In the three months ended June 2018, its revenue increased nearly 28% to Rs 37,833 crore.



Tata Steel incurred an exceptional charge of Rs 344 crore during the quarter due to a provision for additional interest on differential royalty on coal. The amount also includes a Rs15-crore loss arising on sale of its stake in one of its joint ventures in Southeast Asia.

Tata Steel, which bought the bankrupt Bhushan Steel in May 2018, said that the acquired asset's financials have been consolidated in this quarterly numbers and that Bhushan has become positive in terms of ebitda (earnings before interest, taxes, depreciation and amortisation). Tata Steel also said that it has launched a programme to boost synergies with Bhushan.

The alloy maker's total debt increased to Rs 1.16 lakh crore, with the debt for the Bhushan acquisition accounting for Rs 16,413 crore of it. The company's board on Monday approved a proposal to raise Rs 12,000 crore through non-convertible debentures to refinance debt and towards capital expenditure.

Narendran said that the company's India business grew higher than the growth rate recorded by the industry. "All verticals saw strong growth with our automotive and branded products segments now contributing 19% and 33% of total volumes." Narendran, whose term has been extended till September 17, 2023, also said that he expects steel demand in India to remain strong in this fiscal.

BUSINESS LINE

DATE : 14/8/2018 P.N.14

Gold drops to \$1,201/oz; platinum hits 10-year low

REUTERS

London, August 13

Gold prices sank below \$1,200 per ounce for the first time in 17 months on Monday, losing out to US Treasuries and a stronger dollar as investors sought refuge from a financial market rout triggered by a crashing Turkish lira.

Spot gold had dropped 0.8 per cent to \$1,201.31 an ounce by 1314 GMT, having earlier dipped to \$1,194.61, its lowest since March 2017. US gold futures were down 0.8 per cent at \$1,208.60.

Bearish sentiment can be seen in data from US Commodity Futures Trading Commission showing gold speculators added 22,195 contracts to their net short position in the week to August 7, bringing it to 63,282 contracts, the largest since records became publicly available in 2006.

Holdings of the largest gold-backed exchange-traded fund (ETF), New York's SPDR Gold Trust, at 25.3 million ounces have dropped about 10 per cent from their April peak and are at their lowest since February 2016.

Meanwhile, platinum prices headed towards the 10-year lows below \$800 an ounce seen last month, due to a glut of metal. Platinum is heavily used in catalysts in diesel vehicles that have fallen out of favour since 2015's Volkswagen emissions-rigging scandal.

The world's top producer of platinum is South Africa, which saw its rand currency hit a two-year low due to contagion.

Silver slipped 0.5 per cent to \$15.19 an ounce and palladium lost 0.7 per cent to \$903.69.

Jindal makes highest offer for Bhushan Power

UK's Liberty House & Tatas Do Not Revise Bid Upwards

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VTB is in the race for the debt-laden Essar Steel.

Tata Steel has made an offer of Rs17,200 crore for Bhushan Power while Liberty House of UK proposed Rs 18,900 crore, sources said. The financial bids from these two companies were similar to what they had proposed in the previous bidding round. Only JSW increased its bid in the final auction process, which ended on Monday, from Rs11,000 crore, they said.

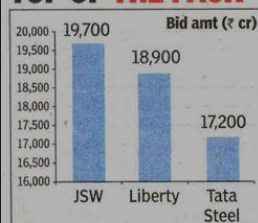
Having lost Bhushan Steel to Tata Steel in the recent bankruptcy proceedings, JSW had decided to make an aggressive bid for Bhushan Power. Sources added that though Liberty House didn't revise its financial offer, it has made certain changes to the technical aspects of its bid.

The creditors of Bhushan Power will evaluate the three offers based on the bid criteria to identify the winner and will subsequently submit the same to the National Company Law Appellate Tribunal (NCLAT) for approval on August 17. Sources said that the lenders have a preference for JSW over Tata Steel but the operational creditors haven't backed the former. They want JSW to match Tata Steel's Rs 500 crore proposal for them. JSW has offered Rs 350 crore to the operational creditors.

All three had to submit their proposals in the final bidding round on NCLAT's direction. Earlier, Tata Steel had emerged as the preferred bidder for Bhushan Power on two occasions. But before Tata Steel's bid could be put to vote by the creditors, JSW had revised its offer.

Mumbai: Sajjan Jindal appears to have an advantage over N Chandrasekaran and Sanjeev Gupta in the race to acquire the bankrupt Bhushan Power & Steel. Jindal's JSW Steel has made the highest offer for the troubled Delhi-based company, trumping Tata Steel, led by Chandrasekaran, and Liberty House, controlled by NRI billionaire Gupta. Jindal's Rs 19,700-crore offer, if approved by the court, will give his steel company a manufacturing presence in the eastern belt of the country, which historically has been the hub of Tata Steel

TOP OF THE PACK



through its Jamshedpur (Jharkhand) and now Kalinganagar and Dhenkanal (both based in Odisha with the latter acquired through Bhushan Steel) plants.

JSW has its manufacturing units in south, west and central parts of India, the last one gained through the acquisition of the bankrupt Monnet Ispat in July this year. Bhushan Power, which owes over Rs 47,700 crore to creditors, has a 3.5-million-tonne facility in Odisha. Besides Bhushan Power, JSW in partnership with Russia's