खनिज समाचार

KHANIJ SAMACHAR

Vol. 2, No-20

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खनिज समाचार

KHANIJ SAMACHAR

A FORTNIGHTLY NEWS CLIPPING SERVICE

FROM

CENTRAL LIBRARY

INDIAN BUREAU OF MINES

VOL. 2, NO-20, 16th –31st OCTOBER, 2018

BUSINESS LINE DATE : 23/10/2018 P.N.13

GLOBAL	Price	Change in %			52-Week	
		Weekly	Monthly	Yearly	High	Low
Metals ($/tonne)						
Aluminium	1996	-1.9	0.2	-7.0	2603	1966
Copper	6228	-1.4	2.2	-10.2	7324	5820
Iron Ore	69	2.6	7.3	12.9	77	58
Lead	1975	-4.5	-1.7	-19.8	2683	1908
Zinc	2677	0.0	10.8	-15.6	3619	2285
Tin	19185	0.4	1.4	-3.7	22104	18662
Nickel	12372	-1.6	-0.4	6.0	15749	10790
Agri (US cents/pound)						

BUSINESS LINE DATE : 29/10/2018 P.N.11

GLOBAL	Price	Change in %			52-Week	
		Weekly	Monthly	Yearly	High	Low
Metals ($/tonne)						
Aluminium	1982	-0.7	-3.0	-8.9	2603	1960
Copper	6207	-0.3	-1.0	-10.8	7324	5820
Iron Ore	71	4.2	9.6	16.5	77	58
Lead	1985	0.5	0.8	-19.8	2683	1908
Zinc	2704	1.0	5.9	-17.4	3619	2285
Tin	19345	0.8	2.5	-3.2	22104	18662
Nickel	11834	-4.3	-7.0	1.0	15749	10790

THE HITAVADA DATE : 16/10/2018 P.N.1 & 2

'Auction of mining blocks generated Rs 2,20,000 cr revenue in country'

Staff Reporter

"THE Mines and Minerals (Development and Regulation) (Amendment) Act or MMDR Act has created transparency in grant of leases through auctions. The auctioned blocks have generated revenue of Rs 2,20,000 crore," said Dr P K Jain, Chief Mineral Economist, Indian Bureau of Mines, Nagpur.

Dr Jain was delivering the foundation lecture at 37th annual general meeting of Gondwana Geological Society (GGS) held at Conference Hall, Directorate of Geology and Mining headquarters, Nagpur, the other day.

Of the revenue generated through auction of mining blocks, Rs 1,81,000 crore has been collected. The new National Mineral Exploration Trust Fund collected on the basis of MMDR Act is now valued at Rs 1,400 crore. It is expected to be used for exploration purposes. Besides, District Mineral Foundations have generated Rs 21,000 crore through cess. It has enriched mining districts and the fund is to be used for development of the respective district, Dr Jain said.

India's mining sector has been undergoing a progressive change with paradigm shifts in mining laws and policies, since past few years. It provides direct employment to 4.88 lakh people (2015-16) of which 0.78 lakh are in metallic, 0.29 lakh in non-metallic, and 3.81 lakh in fuel (coal and energy) sectors, apart from millions of jobs created indirectly. The per capita consumption of minerals is 61 kg in urban sector and 10 kg in rural sector in India, as against

(Contd on page 2)

'Auction of mining blocks generated...

(Contd from page 1)

the world average per capita consumption is 256 kg.

"India is the world's third largest producer of steel. The annual production of steel is 102 million tonnes and we aim to reach 300 million tonnes by 2030," said the IBM Chief Mineral Economist. Uninterrupted raw material supply is essential for sustained growth, he stressed. In 2016, India's mining sector contributed Rs 3,08,200 crore to the economy. To enable the mining sector, its contribution to the nation's GDP needs to be increased from the present 2.5 per cent to 4 per cent. He added, "We need to augment our mineral resources, enhance innovation and technological upgradation, create better infrastructure and human resources and provide speedy mineral concessions."

Dr Jain informed the gathering that India had imported minerals and metals worth Rs 7,38,788 crore during 2015-16, as against her export earnings of only Rs 1,70,946 crore. In world resources rankings, India is among top ten countries in respect of coal, iron ore, manganese, aluminium ore, chromium, zinc, and magnesium ore. The expenditure in mineral exploration by India is US$ 17 per sq km, whereas it is $124 and $118 in respect of Australia and Canada. This needs to be increased substantially, he observed. Of India's entire Obvious Geological Potential (OGP) area of 0.57 million sq km, identified by Geological Survey of India, only 10 per cent has been explored and mining is taking place in 1.5 per cent to 2 per cent of this area.

Speaking of reforms, Dr Jain said that the reforms needed in the sector included more transparency, effective solutions to social problems and tribal issues, addressing infrastructure development of mining areas and achieving uniformity in lease period that is now fixed at 50 years. The scope for deep-seated mining and offshore mining are tremendous, which are expected to meet our future requirements.

Five-star rating for mining companies ensures their compliance with environmental, safety and labour friendly laws, Dr Jain said. Illegal mining is firmly dealt with in the new MMDR Act of 2015. The law also provides for security of tenure, grant of prospecting and mining licences, transferability of lease and foreign direct investment in mining and exploration sectors. Land acquisition is still a grey area and FDI inflows obtained are low and not as per the expectations, he added.

THE HITAVADA DATE : 17/10/2018 P.N.11

'Steel demand may move back to higher growth track'

NEW DELHI, Oct 16 (PTI)

INDIA'S steel demand is expected to move back to a higher growth track as the country recovers from "twin shocks of demonetisation and GST implementation," global industry body World Steel Association (worldsteel) said on Tuesday. In its October 2018 Short Range Outlook, worldsteel said, it projects global steel demand at 1,657.9 million tonnes (MT) in 2018, an increase of 3.9 per cent over 2017.

The demand for steel in the developed world remains healthy, while in the developing countries steel demand will continue to recover amid challenges.

"As India recovers from the twin shocks of demonetisation and GST implementation, India's steel demand is expected to move back to a higher growth track. The demand will be supported by improving investment and infrastructure programmes. Stressed Government finances and corporate debt weighs on the outlook," the body said.

The demand will be supported by improving investment and infrastructure programmes, worldsteel said adding the stressed Government finances and corporate debt weighs on the outlook. In the first half of 2018, Chinese steel demand got a boost from the mini stimulus in real estate and the strong global economy. However, continued economic rebalancing efforts and toughening environmental regulations will lead to deceleration of steel demand toward the end of 2018 and 2019.

"Both downside and upside risks exist for China. Downside risks come from the ongoing trade friction with the US and a decelerating global economy. However, if the Chinese Government decides to use stimulus measures to contain the potential slowdown of the Chinese economy in the face of a deteriorating economic environment, steel demand in 2019 will be boosted," it said. Demand in the ASEAN region is expected to resume its growth momentum backed by infrastructure programmes in 2019 and onwards. Risks are largely related to rising trade tensions between the US and China, currency volatilities and political instability.

Steel demand in developing Asia excluding China is expected to increase by 5.9 per cent and 6.8 per cent in 2018 and 2019, respectively. In Gulf Cooperation Council (GCC) countries, reforms and a stronger oil market have led to an upward momentum in steel demand, but at a slow pace. The outlook for Iran has turned less favourable due to reinstatement of sanctions by the US.

THE HITAVADA DATE :20/10/2018 P.N.11

Gold imports up 4% at $17.63 bn in Apr-Sept

NEW DELHI, Oct 19 (PTI)

GOLD imports increased by about 4 per cent to USD 17.63 billion in the first half of 2018-19, inflating the country's trade deficit and fuelling worries about the current account deficit.

Imports of the precious metal stood at USD 16.96 billion in April-September 2017-18 financial year, according to the Commerce Ministry data.

Increase in gold imports pushed the country's trade deficit to USD 94.32 billion in April-September 2018-19 as against USD 76.66 billion in the same period last year.

CAD, which is the difference between outflow and inflow of foreign exchange, widened to 2.4 per cent of the GDP in the first quarter of 2018-19.

Large trade deficit and depreciation in rupee against US dollar are putting pressure on the CAD. After recording a negative growth in imports till June this year, gold imports started registering double digit growth.

In August it increased by 51.5 per cent to USD 2.6 billion.

India is the largest importer of gold, which mainly caters to the demand of jewellery industry.

In volume terms, the country imports 800-900 tonnes of gold annually. To mitigate the negative impact of gold imports on trade deficit and CAD, the Government took certain measures to cut the inbound shipments of the yellow metal.

BUSINESS LINE
DATE : 22/10/2018 P.N.4

Dumping duty imposed on select Chinese steel items

OUR BUREAU

New Delhi, October 19

The Ministry of Finance has imposed anti-dumping duties ranging from $44.89 to $185.51 per tonne for five years on certain Chinese steel products. The levies have been introduced to guard domestic players from cheap imports of straight length bars and rods of alloy steel.

JSW Steel, Sunflag Iron & Steel, Usha Martin, Gerdau Steel India, Vardhman Special Steels and Jayaswal Neco Industries had jointly filed an application before the DGTR for initiation of investigations.

BUSINESS LINE DATE :23/10/2018 P.N.13

Gold likely to inch further higher

Edgy global equities can help push up prices of the yellow metal

GURUMURTHY K

Gold prices inched higher last week, as expected, and closed higher for the third consecutive week.

Global spot gold prices opened the week encouragingly, surging to a high of $1,233 an ounce on Monday. However, prices stayed in a narrow range above $1,220 for the rest of the week. Gold closed the week at $1,226.5 an ounce, up 0.78 per cent.

Silver, on the other hand, continued to trade mixed, and subdued in the past week. Global spot silver prices underperformed gold for the third consecutive week.

Silver was stuck in a narrow range between $15.45 and $15.85 an ounce in the past week. Prices closed at $14.62 an ounce last week, up 0.3 per cent.

On the domestic front, the rupee's recovery last week capped the gains in gold and silver futures contracts on the Multi Commodity Exchange (MCX). The MCX-Gold futures contract surged to an intra-week high of ₹32,311 per 10 gm, though they reversed lower, giving up most of the gains. The contract closed at ₹31,902 per 10 gm, up 0.18 per cent for the week.

MCX-Silver, on the other hand, opened the week vibrantly, touching a high of ₹39,444 per kg. However, it failed to sustain higher, dropping and renouncing the gains to close at ₹38,796 per kg, down 0.31 per cent for the week.

US equities vulnerable

The nervousness in the global equity market following the sharp sell-off a week earlier is holding gold higher. Gold could gain sheen if the sell-off in global equities resumes. The Dow Jones Industrial Average (25,444), the US' major index, is vulnerable to a fresh fall in the coming days.

The index can fall to 24,000 and 23,500 if it decisively breaks below 25,000 in the near term. Such a fall in the US index is likely to spill over to other global indices as well. This could work in favour of gold as a safe haven and can push up prices of the yellow metal.

Dollar mixed

The US dollar index (95.71) kept moving sideways between 94.8 and 96.15 for the third consecutive week. The near-term outlook is unclear. A breakout on either side of 94.8 or 96.15 will decide the next move. If the dollar index breaches 96.15, it can initially move up to 96.45. A further break above 96.45 will then see the index targeting 97 over the short term. Such an upmove may cap the upside in gold. On the other hand, if the index breaks below 94.80 in the coming days, a fall to 94.20 or 94 is possible. As a result, gold prices can inch higher.

ISTOCK.COM/VASABII

Gold outlook

The near-term outlook for gold remains positive. Global spot gold ($1,226 per ounce) has immediate support at $1,220. The next significant supports are in the region of $1,213 and $1,210. The downside is expected to be limited to $1,210 if gold declines below $1,220 in the coming days.

An upmove to $1,240 and $1,245 is likely in the coming days. A strong break above $1,245 will then increase the likelihood of gold extending its upmove to $1,260.

Gold prices will come under pressure only if it declines below the psychological level of $1,200. But such a strong fall looks unlikely now. The MCX-Gold (₹31,902 per 10 gm) has been oscillating around ₹32,000. The bias is bullish as indicators on the charts are giving positive signals.

The 55-day moving average has crossed over the 100-day moving average. This is a positive sign, indicating that the downside could be limited. Immediate support is at ₹31,800 and the next significant support is at ₹31,350. A strong break and a decisive close above ₹32,100 will trigger a fresh rally to ₹32,500 and ₹33,000.

Trading strategy

Medium-term traders can hold the long positions taken at ₹31,846. Accumulate longs on dips at ₹31,600 and ₹31,400.

Keep the stop-loss at ₹30,900 for the target of ₹33,000. Revise the stop-loss higher to ₹31,950 as soon as the contract moves up to ₹32,500.

Silver outlook

The near-term view continues to remain unclear for silver. Global spot silver ($14.62 per ounce) can broadly trade between $14 and $15. A breakout on either side will decide the next move. A strong break above $15 will take prices to $15.35 and $15.60, while a break below $14 can drag silver lower to $13.65.

MCX-Silver (₹38,796 per kg) is range-bound between ₹38,500 and ₹39,500. However, the bias is positive as the price action indicates that the current sideways move is just a consolidation within the ongoing uptrend.

As such, there is a strong likelihood of the contract breaking above ₹39,500 in the coming days. Such a break can take the MCX-Silver futures contract higher to ₹40,200. A further break above ₹40,200 will then pave the way for the next target of ₹41,000. The contract will come under pressure only if it breaks below ₹38,500. The next targets are ₹38,000 and ₹37,700.

Medium-term traders can hold the long positions taken at ₹39,000 and ₹38,650. Retain the stop-loss at ₹37,850 for the target of ₹41,000. Revise the stop-loss higher to ₹39,300 as soon as the contract moves up to ₹39,700.

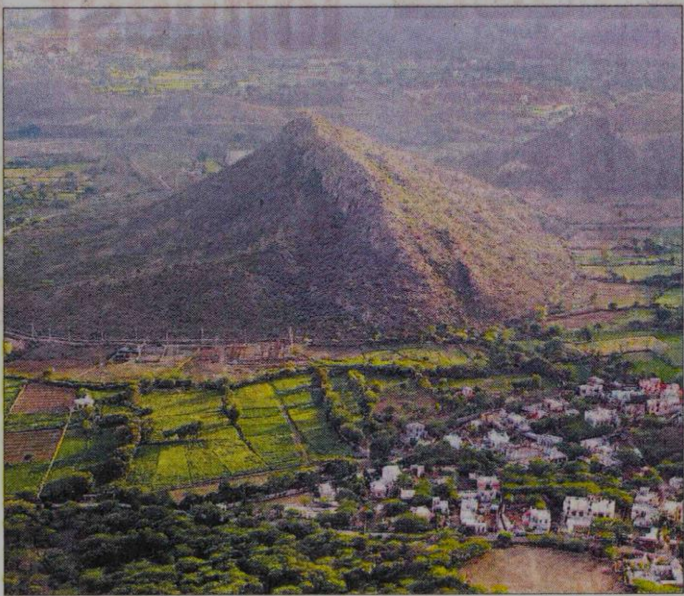
MCX Gold
Supports: ₹31,800/31,350
Resistances: ₹32,100/32,500

MCX Silver
Supports: ₹38,500/38,000
Resistances: ₹39,500/40,200

THE HITAVADA DATE :24/10/2018 P.N.4

Stop illegal mining in Aravalli hills within 48 hours: SC asks Raj Govt

- The disappearance of hills in Rajasthan could be one reason for the rise in pollution levels in Delhi, the court said



NEW DELHI, Oct 23 (PTI)

THE Supreme Court on Tuesday directed the Rajasthan Government to stop illegal mining in a 115.34-hectare area in Aravalli hills within 48 hours.

A bench comprising Justices Madan B Lokur and Deepak Gupta said that it was compelled to pass the order because Rajasthan has taken the issue "very lightly".

The apex court also referred to a Central Empowered Committee report that 31 hills or hillocks have vanished in the State's Aravalli area. The disappearance of hills in Rajasthan could be one reason for the rise in pollution levels in Delhi, the court said.

The bench directed the Chief Secretary of Rajasthan to file an affidavit regarding compliance of its order.

THE HITAVADA DATE :25/10/2018 P.N.6

Govt to put in place single window clearance in mineral block auction

- The Government had said that the Ministries of Mines, Steel and Environment were working together in this regard

NEW DELHI, Oct 24 (PTI)

STATING that there were issues in obtaining environment and other clearances for mineral blocks, the Government on Wednesday said that it is trying to put a single window clearance system in place.

"Clearances like environment, forest and land rights ...Are an issue. Its not very easy to get clearances. There are delays in the process...We are trying to put single window clearance in place," Mines Joint Secretary Anil Kumar Nayak said while addressing the Fourth India Copper Forum here.

In June, Nayak, had said that unless issues related to green clearances and land rights were addressed upfront, India may not make much progress in auctioning of mineral blocks in the future.

Earlier, the Steel Ministry had said that it was totally in favour of a single window system.

The Government had said that the Ministries Of Mines, Steel and Environment were working together in this regard.

Sterlite Copper CEO P Ramnath said that demand of copper in future would go up but posed a question as to how will the increasing need of the metal in India will be met when the expansion projects and currents plants in the country were being shut-down "for no reason at all".

The TN Government had in May ordered pollution control board to seal and "permanently" close Vedanta's Sterlite Copper unit in State, following violent protests over pollution concerns.

THE ECONOMIC TIMES DATE :26/10/2018 P.N.13

Higher Import Duty on Diamonds to Hit 1 L Jobs

India losing out on business of re-cutting and redesigning of precious stones to competitors such as China and Thailand, say experts

Sutanuka.Ghosal@timesgroup.com

Kolkata: Nearly one in five people engaged in India's diamond industry may become jobless in the next six months as the increase in import duty on cut and polished diamonds has led to the business of recutting and redesigning shifting to competitors such as China and Thailand, said senior executives.

"The diamond trade in Surat could potentially lose one lakh jobs in the next two quarters due to the increase in duty, lack of ease of doing business and the liquidity crunch. A lot of diamonds which used to come to India for recutting are now being shipped to China and Thailand," said Colin Shah, vice chairman, Gem & Jewellery Export Promotion Council (GJEPC).

Around five lakh people are engaged in the diamond trade in India, according to industry estimates.

The government had increased the import duty on cut and polished diamonds to 7.5% from 5% on September 26 as part of its move to increase

import duty on non-essential items to narrow down the current account deficit (CAD).

"There is no respite from the liquidity crunch as collateral norms and rating norms have become harder. The ease of doing business, compared to our competing centres, is simply not there," said Shah.

Imports of cut and polished diamonds fell 31.83% to ₹5,289.35 crore in the first six months of this financial year from ₹7,759.48 crore a year ago.

Shah said the industry does not have adequate finances to sustain the business. "And that will further reduce with the unrealistic collateral norms. The devaluation of the rupee has added to a further reduction in finance in dollars, adding to the crunch. The cutting and polishing units at Surat have already advanced their Diwali break by a fortnight in order to maintain profitability," he said.

Sales of diamonds in the domestic market have also fallen, according to the industry. "The flood in Kerala, fewer marriage dates and overall muted market sentiment have affected offtake of diamonds in the country in the first half of 2018-19," said Shah.

However, he said, the industry expects demand to pick up in the second half of the fiscal.

THE ECONOMIC TIMES DATE :26/10/2018 P.N.9

Captive Coal Miners Allowed to Sell 25% Output in Open Market

Owners allowed flexibility in production; fresh round of auctions starts after 15 months

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New Delhi: The government has allowed captive coal block owners to sell 25% of their output in open market and allowed flexibility in coal production.

The coal ministry kick-started fresh round of captive coal auctions on Thursday after a gap of about 15 months. The tender documents for the captive coal blocks provide for open market sale of 25% of the coal output. In India, coal mining has been a regulated domain with no scope for diversion from the attached end use.

The changes in the bidding norms have been made based on recommendations from an expert panel led by former CVC Pratyush Sinha. The committee was set up after two rounds of coal mine auctions were annulled due to tepid response from steel companies.

"The successful bidder shall utilise a minimum of 75% of the actual production in the specified end use plants and is allowed to sell upto 25% of the actual production in open market. No additional premium will be charged on such sale in the open market," the bid guidelines read.

The coal ministry has invited tenders seeking bids for 18 captive coal blocks to non-power plants in six states of Jharkhand, Madhya Pradesh, Maharashtra, West Bengal, Odisha and Chhattisgarh. The ministry has issued two tender notices inviting bids for allocation of coal mines.

While six blocks have been reserved only for iron and steel sector in the sixth tranche of auction, another dozen coal blocks have been offered to the iron and steel, cement and captive power plants in the seventh tranche. The mines on auction include some big mines including Rohne with 192 million tonnes of reserves and Jamkhani with 115 million tonnes coal.

The winners of these captive coal blocks will also have flexibility in coal production. Currently, owners are penalised if the captive coal mines do not reach the production milestones as per schedule.

"The successful bidder shall produce coal not below 80% of scheduled production in a year in opencast mine and not below 70% in case of underground mine subject to the condition that successful bidder shall not produce coal less than 90% of scheduled production in any five year block in opencast mine and 80% in case of underground mine," the revised norms said.

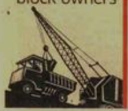
The last date for bid submission is on November 28 and the auctions are likely to commence in mid-January, a senior coal ministry official said.

Other recommendations of the Sinha panel including a suggestion to bid the mines on revenue sharing model will require Cabinet nod or amendments in law.

The coal ministry in July last year indefinitely deferred the fifth round of captive coal block auctions citing lack of demand from steel makers. The fourth round of coal mine auctions was also cancelled in 2016 due to lack of adequate number of bidders.

A Field Day

Rules
Changed for captive coal block owners



Told to use min 75% production in specified end-use plants

Can sell 25% in open market

Allowed flexibility in coal production

18 coal blocks to be auctioned in 6-7 tranches

Rohne (192 mt), Jamkhani (115 mt) among big mines on offer

OTHER BLOCKS ARE JAGANATHPUR A (74mt), Jaganathpur B (50mt), Bundu (32mt), Chitarpur (61mt)

PANEL EXAMINES 150-ODD COAL FIELDS

10 Blocks Identified for Sale to Private Cos, 9 to State Entities

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Kolkata: The central government has identified ten coal blocks with total reserves of around 2 billion tonnes that may be auctioned to private players. It has also identified another set of nine blocks with total reserves of 1.1 billion tonnes for allotment to state-owned entities.

A committee, chaired by an additional secretary to identify coal blocks for allocation, has also proposed allotment of blocks for a state-owned fertiliser project in Odisha's Talcher district and ultra-mega power projects in Bihar, Chhattisgarh and Jharkhand. The proposals were made last week.

The panel, which examined some 150-odd coal blocks, has decided to strike off 23 of them with total reserves of around 4 billion tonnes from this list since they cannot be mined due to insignificant reserves, difficult terrain, habitat or forest land.

Blocks recommended for auction include Dahegaon Dhapewada in Maharashtra with a total estimated reserve of 341.9 million tonnes spread across 28 square km. It is located under Western Coalfield's Kamptee coalfileds and is currently under exploration.

The committee has also recommended auctioning Kunur coal block in West Bengal's Ranigunj coalfields area under Eastern Coalfield's leasehold area. It is estimated to hold a total reserve of 515 million tonnes and is an unexplored block spread over 11.3 square km.

The third block that may be auctioned is Mahuamilan in Jharkhand with a reserves of 210 million tonnes. This block, which is an unexplored one and is inside a forest, is spread over 6.7 square km and lies within Central Coalfield's lease hold area.

Morga South A and B in Chhattisgarh holds an estimated 432.54 million tonnes of coal spread over 21.92 square km and is located under South Eastern Coalfield's leasehold area. Although it lies within forest land it is a fully explored block, the committee feels the study of net present value of the block being undertaken by Coal India subsidiary, Central Mine Planning & Design Institute, may be expedited and considered for auction.

Other blocks in the list for proposed auction are Kalambi-Kalmeshwar with reserves of 97.46 million tonnes in Maharashtra and Phutamera and Meguli with reserves of 113 million tonnes and 63 million tonnes, respectively, in Chhattisgarh.

Barjora South with reserves of 150 million tonnes in West Bengal and Urtan with a reserve of 55.39 million tonnes in Madhya Pradesh are also being considered for auction.

Coal Call

Blocks that may be considered for auction by Centre

Blocks	Reserve	Area (sq km)
Chhattisgarh	–	–
Morga South A & B	433 mt	21.9
Phutamera	113 mt	7.1
Meguli	63 mt	10
Jharkhand	–	–
Mahuamilan	210 mt	6.7
Maharashtra	–	–
Dahegaon Dhapewada	342 mt	28
Kalambi-Kalmeshwar	97mt	8
West Bengal	–	–
Kunur	515 mt	11.3
Barjora South	150 mt	6
MP	–	–
Urtan	55 mt	4
TOTAL	1978	103.02

Source: Ministry of Coal

THE HINDU DATE :27/10/2018 P.N.1

Essar Steel goes to ArcelorMittal

Ruia family offer of full repayment not considered

SPECIAL CORRESPONDENT
MUMBAI

A day after the Ruias offered ₹54,389 crore for full settlement with the creditors of Essar Steel, the Committee of Creditors selected ArcelorMittal as the 'successful applicant' with a lower bid of ₹50,000 crore.

The resolution plan of the winning consortium – of which Nippon Steel & Sumitomo Metal Corp. are a part – includes upfront payment of about ₹42,000 crore and a further injection of ₹8,000 crore into Essar Steel towards operational improvement and higher production levels.

Offer of promoters

The offer from the Ruias, promoters of Essar Steel, would have meant full repayment to its creditors, while the ArcelorMittal bid would work out to a 15% 'haircut' for the banks, according to analysts.

The Ruia family had bet on Section 12A of the Insolvency and Bankruptcy Code. Introduced in June this year, the amendment allows a company to withdraw from the IBC process with the consent of 90% of the lenders.

The company's Essar Steel's resolution plan will now go before the National Company Law Tribunal for formal acceptance.

THE HINDU DATE :27/10/2018 P.N.12

Essar Steel lenders pick ArcelorMittal as winner, Ruias demur

CoC can't cite 'process lacunae': Ruias

SPECIAL CORRESPONDENT
MUMBAI

A day after the Ruia family offered to pay ₹54,389 crore for full settlement of the admitted claims of the financial creditors, operational creditors, workmen and employees of Essar Steel, the Committee of Creditors (CoC) selected ArcelorMittal as 'successful applicant'.

Luxembourg-based ArcelorMittal and its partner, Nippon Steel & Sumitomo Metal Corporation of Japan, have received the Letter of Intent from Essar Steel's CoC. The developments were confirmed by ArcelorMittal and Nippon Steel in separate statements.

IBC amendment

The Ruia family, promoters of Essar Steel, had on Thursday offered to clear all dues, citing IBC's section 12A. Introduced in June this year, the 12A amendment allows a company to withdraw from the IBC process if 90% of the lenders consent. ArcelorMittal has argued that such an offer should be made prior to the date of Expression of Interest (EoI).

"In the current case, Essar Steel was admitted into NCLT on August 2, 2017 and the EoI date was October 20, 2017. Section 12A provision did not exist then. In the true spirit of the June 2018 amendment, an opportunity to withdraw from IBC process under Section 12A should not be denied to ongoing cases where the EoI stage was over prior to this amendment," said a spokesperson of the Essar Group.

An offer which is 'superior in all respects to the current ArcelorMittal proposal being considered', cannot be ignored citing

'some process lacunae', he added.

ArcelorMittal's resolution plan includes an upfront payment of ₹42,000 crore towards ESIL's debt, with a further ₹8,000 crore of capital injection into ESIL to support operational improvement and increase production levels.

"ArcelorMittal's bid of ₹42,000 crore for Essar Steel represents a 15% haircut for lenders. Given that resolutions under IBC have led to lenders taking haircuts typically at 50-55% and even as high as 70%, a 15% haircut is a welcome relief. PSU lenders such as SBI, Canara Bank and IDBI Bank will benefit from the resolution," Noel Vaz, analyst, IIFL Securities, told *The Hindu*.

ArcelorMittal intends to raise Essar Steel's finished steel shipments to 8.5 million tonnes over the medium term, said the company statement.

For the process to see completion, the resolution plan will now have to be formally accepted by the National Company Law Tribunal, which is expected before 2018 ends.

ArcelorMittal and NSSMC expect to finance the venture through a combination of one-third partnership equity and two-thirds debt, the statement added.

BUSINESS LINE DATE :27/10/2018 P.N.14

Gold set to rise in coming months

COMMENTARY

G CHANDRASHEKHAR

Gold has struggled for much of this year amid US dollar strength and Federal Reserve policy-rate tightening. After languishing at around $1,200 an ounce levels for an extended period of time despite geopolitical and other uncertainties dogging global markets, gold seems to have broken out of its shell and is widely believed to be on the comeback trail.

With risk aversion taking centre-stage in the wake of increased volatility, the sell-off in the equities market, starting with the United States, has helped the yellow metal gradually regain its much-vaunted safe haven status.

By mid-October there was a rally in gold prices triggered by clear signs of short-covering, with financial investors reducing their short positions substantially. Trading below $1,230/oz at the beginning of this week, rates climbed to $1,240 on Thursday with technical follow-up buying aided by ongoing tensions between the US and Saudi Arabia.

Given that the short positions on the bourses are still considerable, there is the distinct possibility of a further price rise. Increased gold buying by central banks is also a contributory factor.

Indeed, the buzz is that continued protectionism coupled with the risk of two of the world's largest economies slowing — China currently and the US sometime next year — could potentially lead to a global downturn, which should help the precious metal.

The American factor

Despite the current upbeat mood and strong growth in the US, many economists already believe that the fading effects of fiscal stimulus and tighter monetary policy will soon start to weigh on the US economy.

Some even suggest that by mid-2019, the Federal Reserve may be forced to reduce — rather than hike — the policy rate. In the event, the dollar risks losing some of its current strength.

By their very nature, commodity markets move not on current fundamentals but

based on anticipated changes in the future. From that perspective, gold market participants are already anticipating 'risk-off' market conditions several quarters ahead, which should boost demand for the yellow metal.

At the same time, the physical demand conditions are far from supportive. Demand in two of the world's largest consuming markets, China and India, is weak. The data are revealing: gold imports into China in September stood at 48 tonnes, down a whopping 37 per cent month on month and the lowest in the last 12 months.

The Indian demand situation, too, is subdued. According to government data, last month, imports were worth about $2.6 billion (down close to a third month on month), which equates to about 65 tonnes of gold. This is clearly the effect of the price surge the bullion market witnessed because of the rupee's rapid depreciation.

In the first nine months of this calendar year, India's imports have been weak, down by about 8 per cent. The much touted festival season demand too did not elicit any robust purchases by consumers.

Notwithstanding the enervated physical demand situation in Asia, one factor that is likely to prove positive is the expectation that central banks will buy more gold.

Over the next two months, the precious metal could come under renewed pressure given the possibility of one more Fed rate hike in December. However, going into 2019, gold could regain its sheen and gradually move towards $1,300/oz.

The writer is a policy commentator and commodities market specialist. The views are personal.

THE TIMES OF INDIA DATE :27/10/2018 P.N.1

ArcelorMittal wins Essar Steel with ₹42,000 crore bid

Ruias To Move Court Next Week

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Mumbai: ArcelorMittal said on Friday that Essar Steel creditors have voted in favour of its ₹42,000-crore bid and have issued a letter of intent to sell the asset to the company. With the debt-ridden company's lenders not entertaining the ₹54,389-crore counter-bid of Ruias to retain control, the promoters are set to move court against the decision.

Although the creditors have approved ArcelorMittal's proposal, the Essar Steel transaction also requires the consent of the National Company Law Tribunal (NCLT) before the world's largest steel producer becomes the owner of India's No. 3 private sector manufacturer, which has an annual capacity of 10 million tonnes (mt). The $69-billion ArcelorMittal—which is controlled by India-born, London-residing billionaire Lakshmi Mittal — said that it expects approval from the NCLT to come before the end of the year.

▸ 4th time lucky? Mittal set to get India foothold | P 14

The sale of Essar Steel is the most keenly watched auction process under India's still nascent bankruptcy law. The Ruias plan to challenge the decision by early next week, according to sources.

▸Numetal stake, P 5

THE TIMES OF INDIA DATE :27/10/2018 P.N.5

Numetal stake blocked Ruias from making a bid

Russian Bank's Plea For Essar Solo Bid Pending

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Mumbai: Essar Steel creditors have issued a letter of intent to sell the asset to ArcelorMittal. The Ruias are awaiting a formal response from the creditors on their huge and sudden settlement offer, which was made under section 12A of the bankruptcy code in a bid to take the company out of the insolvency net.

While questions were raised about Ruias making an offer in the final stages of the bankruptcy proceedings, these sources claimed the family had only a small window to make such an offer as the Numetal case was pending before the Supreme Court till about three weeks ago.

The Ruias had a stake in Numetal—the consortium was led by Russian bank VTB—and had put in a bid for Essar Steel through it. But they had to divest their stake in Numetal as the bankruptcy code disallows promoters of insolvent companies from participating in the auction process of their own assets. Still, Numetal's woes didn't end. The SC directed it to clear the pending dues of Essar Steel before putting in a bid for the troubled steel maker.

"Since Rewant Ruia (son of Essar Steel co-founder Ravi Ruia) was part of Numetal, the family couldn't make an alternate offer," said a person close to the family. Separately, VTB also moved the apex court to allow the bank to make a solo bid for Essar Steel, which is yet to be heard.

The heightened interest in Essar Steel indicates the changing dynamics of the global alloy market with India expected to be the second largest steel-consuming nation, overtaking the current No.2, the US.

ArcelorMittal, which has tied up with Nippon Steel & Sumitomo Metal Corporation for the Essar Steel transaction, will be infusing an additional ₹8,000 crore in the Indian company to support operations, increase production and enhance profitability.

BUSINESS LINE DATE : 29/10/2018 P.N.11

Gold rallies despite strong dollar

The sell-off in equity market aided the upmove in the yellow metal

GURUMURTHY K

Last week, gold prices extended its upmove as expected. The global spot gold prices surged to a high of $1,243.5 per ounce before closing the week at $1,233.5 per ounce, up 0.6 per cent for the week.

On the domestic front, the gold futures contract on the Multi Commodity Exchange (MCX) retained its ₹31,780-32,300 per 10 gm sideways range for the second consecutive week. A stable rupee has capped the gains in the domestic market, thereby limiting the impact of the rise in global gold prices.

The MCX-Gold futures contract closed the week on a flat note at ₹31,937 per 10 gm.

Interestingly, gold remained stable at high levels all through the week in spite a strong surge in the US dollar. The US dollar index surged 1.2 per cent intraweek to make a high of 96.86. It came off slightly from the highs and closed at 96.36, up 0.7 per cent for the week.

But, as mentioned last week, the sell-off in the global equity markets is helping gold gain sheen as a safe haven. The jitters created in the equity markets will continue to support gold in the coming weeks, too, since more sell-off in that segment is likely to occur.

However, the pace of gain in gold prices could be slow as the outlook for the US dollar index is also positive. The US dollar index (96.36) can move higher to 97 in the near term.

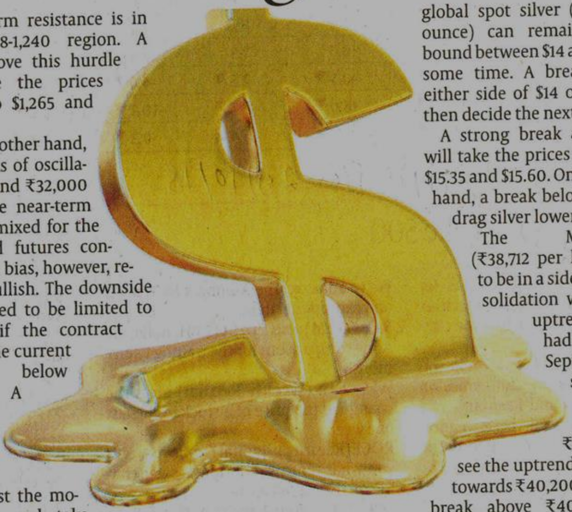
An inability to breach 97 can pull the index lower to 96.5 and 96 again. But a strong break above 97 will then increase the likelihood of the index extending its rally to 98.

Gold outlook

The outlook remains positive. The global spot gold ($1,233.5 per ounce) has strong support in the $1,227-1,220 region. The short-term outlook will turn negative only if the yellow metal declines below $1,220. The next targets are $1,210 and $1,195.

But such a fall looks unlikely at the moment. Intermediate dips to $1,220 is likely to lead fresh buyers into the market.

Near-term resistance is in the $1,238-1,240 region. A break above this hurdle will take the prices higher to $1,265 and $1,270.



On the other hand, two weeks of oscillation around ₹32,000 leaves the near-term outlook mixed for the MCX-Gold futures contract. The bias, however, remains bullish. The downside is expected to be limited to ₹31,500 if the contract breaks the current range below ₹31,800. A strong break above ₹32,300 will boost the momentum and take the contract higher to ₹33,000 thereafter.

Medium-term traders can hold the long positions taken at ₹31,846 and can accumulateat ₹31,600 and ₹31,400. Keep the stop-loss at ₹30,900 for the target of ₹33,000.

Revise the stop-loss higher to ₹31,950 as soon as the contract moves up to ₹32,500.

Silver lags

Unlike gold, silver is not getting strong buyers to lift up its prices. The metal has been underperforming gold over the past few weeks.

The global spot silver prices closed at $14.7 per ounce, up 0.5 per cent for the week.

The MCX-Silver futures contract, on the other hand, closed the week marginally lower by 0.2 per cent at ₹38,712 per kg.

Outlook

The near-term view continues to remain mixed for silver. The global spot silver ($14.7 per ounce) can remain rangebound between $14 and $15 for some time. A breakout on either side of $14 or $15 will then decide the next move.

A strong break above $15 will take the prices higher to $15.35 and $15.60. On the other hand, a break below $14 can drag silver lower to $13.65.

The MCX-Silver (₹38,712 per kg) seems to be in a sideways consolidation within the uptrend that had begun in September. A strong break above ₹39,350 will see the uptrend resuming towards ₹40,200. A further break above ₹40,200 will then pave the way for the next target of ₹41,000.

The bullish outlook will get negated if the contract declines below ₹38,400. The next targets are ₹38,000 and ₹37,700.

Medium-term traders can hold the long positions taken at ₹39,000 and ₹38,650. Retain the stop-loss at ₹37,850 for the target of ₹41,000. Revise the stop-loss higher to ₹39,300 as soon as the contract moves up to ₹39,700.

MCX Gold

Supports
₹31,800/31,500
Resistances
₹32,300/₹33,000

MCX Silver

Supports
₹38,400/38,000
Resistances
₹39,350/40,200

BUSINESS LINE
DATE : 30/10/2018 P.N.14

Vedanta gets extension for oil block

PRESS TRUST OF INDIA
NEW DELHI

Vedanta Ltd. has won a 10-year extension of its contract for the prolific Rajasthan oil block, but on the condition that it pays a higher share of profit to the government, the company said on Monday.

The 25-year contract for exploration and production of oil and gas from Barmer block RJ-ON-90/1 of Vedanta, formerly Cairn India, is due for renewal on May 14, 2020.

"The Government of India ..., has granted its approval for a ten-year extension of the Production Sharing Contract for the Rajasthan Block, RJ-ON-90/1," the company said in a filing with the exchanges.

THE ECONOMIC TIMES DATE : 31/10/2018 P.N.11

MEETING DIVESTMENT TARGET

Govt may Divest 3% Stake in Coal India

Keeps greenshoe option to sell another 6% to FIs & retail investors at a floor price of ₹266 per share

Our Bureau

Kolkata: The Centre has decided to sell 3% in Coal India through an offer for sale with a greenshoe option to sell another 6% to financial institutions and retail investors at a floor price of ₹266 per share, which is at a discount of 3.6% to Tuesday's closing price..

It is expected to fetch the centre at least ₹14,000 crore if it decides to keep the oversubscribed amount as part of the greenshoe option. At ₹266 per share, the centre is likely to raise a minimum of about ₹4,000 crore for the 3% on offer. For the additional 6% green show it is likely to raise around ₹10,000 crore.

The floor price of ₹266 a share is at a discount of nearly 3.58 % or Rs 9.9 a share over the closing price of Coal India scrip on the BSE on Tuesday. Coal India shares rose steadily from Rs 263 a shares at BSE during early October touching ₹287 on Tuesday after which it closed at ₹275.9. On Monday it lost 11.15 points or 3.88%.

The decision was conveyed to Coal India on Tuesday when the coal ministry notified the exchanges of the decision. However, the management, under instructions from the coal ministry had conducted road shows to large institutional investors in the UK, Singapore and Hong Kong in preparation of a stake sale in June and July this year.

According to the notice filed by coal ministry with the stock exchanges, this would be a two-day offer for sale (OFS) which opens on Wednesday for institutional bidders. Retail investors, who can bid for the offer on Thursday, will receive a 5% discount and 20% of the offer has been reserved for them. The centre has reserved another 5% of the stake sell for Coal India employees who would also receive 5% discount on the final offer price.

The government had last sold 10% stake in Coal India through an offer for sale in January 2015. It had then mopped up about ₹23,000 crore.

At present centre holds 78.32% in Coal India which is 3.32% short of the 25% mandatory public holding mark. This 3.32% in the company needs to be divested by the government in order to comply.

"The norm required Coal India's public holding to be at least 25% by August 21 this year. However, the deadline was recently extended by two years," said a senior Coal India executive.

The original deadline for complying with the 25% public holding norm was August 21 last year. Looking at a dull stock market during 2017 the government decided to skip the last round of divestment in Coal India as its scrip price had dipped significantly making it impossible to fetch the sum it was planning to. Initial plans included divesting between 5% and 10% by August 2017 and it was looking at raising ₹20,000 crore in the process.

Brokers for the offer for sale are Axis Capital, ICICI Securities, JM Financial, Kotak Securities and SBICAP Securities.

THE HINDU DATE :31/10/2018 P.N.19

EU probes Tata Steel, ThyssenKrupp deal

Anti-trust concerns spur investigation

REUTERS
BRUSSELS

The European Commission said on Tuesday it was investigating whether a planned joint venture between Indian steelmaker Tata Steel and Germany's ThyssenKrupp could reduce competition in the high-end steel sector.

Tata Steel and ThyssenKrupp are major producers of flat carbon steel and electrical steel with significant production facilities in Germany, the Netherlands and Britain. The proposed JV would combine their European carbon steel and electrical steel businesses and the Commission said that this raised concerns over their dominance in steel for cars, metallic coated steel for packaging and grain oriented electrical steel.

"The Commission is concerned that, following the transaction, customers would face a reduced choice in suppliers, as well as higher prices," the EU executive said in a statement.

'Competitive prices key'

"These customers include various European companies, ranging from major corporations to numerous small and medium-size enterprises," it said.

The Commission now has until 19 March 2019, to take a decision. "Steel is a crucial input for many of the goods we use in our everyday life, and competitive steel prices are vital for the European economy," Competition Commissioner Margrethe Vestager said in a statement.

THE HINDU
DATE : 31/10/2018 P.N.19

Govt. to cut further stake in CIL

SPECIAL CORRESPONDENT
KOLKATA

The government will divest a further 3 % stake in Coal India Ltd. at a floor price of ₹266 per equity through the offer for sale route.

The offer opens on October 31 and closes on November 1, 2018, according to a regulatory filing by the company.

An additional stake of 6 % may be offloaded in case of over subscription, the notice said.

While non-retail investors can place their bids on Wednesday only, non-retail investors will get an additional day (till November 1). The government currently holds 78.32% stake in CIL. CIL's last OFS was in January 2015 when there as a marginal over subscription.