



खनिज समाचार

KHANIJ SAMACHAR

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खनिज समाचार

KHANIJ SAMACHAR



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Gold Heads for Worst Month Since 2016 on Dollar, Fed

Upward pressure on real rates due to asset purchase taper and strong dollar brings downside risks for gold: Morgan Stanley

Bloomberg

Gold headed for the biggest monthly drop in more than four years on the back of gains in the dollar following the Federal Reserve's hawkish shift.

The metal is trading near the lowest since April after the Fed pulled forward its forecasts for interest rate hikes.

A stronger dollar has added much of the pressure, with the currency on course for its best month since March 2020, and investors have trimmed holdings in bullion-backed exchange-traded funds.

Traders will focus on economic data and comments from Fed officials for more clues on the timing of stimulus tapering.

Richmond Fed President Tho-

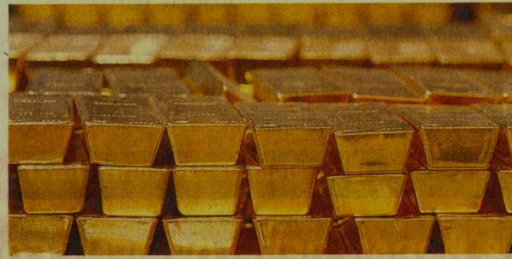
mas Barkin said Tuesday he wants to see much more US labour market progress before taking action,

while Governor Christopher Waller said economic performance warrants thinking about pulling back on some stimulus.

"Looming asset purchase tapering putting upward pressure on real rates and the US dollar brings down-

side risk for gold" through the second half of the year, Morgan Stanley wrote in a note.

The bank now forecasts gold to drop just below \$1,700 an ounce in the next six months, while also flagging the possibility of a sharp



downturn through 2022.

Spot gold lost 0.3% to \$1,756.25 an ounce by 1:35 p.m. in London, and is down 7.9% this month, the most since November 2016. Palladium rose on Wednesday, while platinum dropped and silver was little chang-

ed. The Bloomberg Dollar Spot Index is up 2.1% in June.

Investors are also weighing the fallout from the more contagious Delta variant of Covid-19, and broader economic data. Euro-area economic confidence has climbed

to the highest level in more than two decades, and US consumers are more upbeat than at any point since the pandemic began.

US nonfarm payroll figures due Friday will be a key data point eyed by traders.

"Precious metal markets simply can't find a gear with the stronger dollar and strong economic data weighing on the market," said Ole Hansen, head of commodity strategy at Saxo Bank A/S. "Gold once again has its back against the wall. However judging from previous lows, that is what gold needs in order to stabilize, reverse and eventually squeeze the shorts back out of the market."

There are other signs that investor interest has waned, with hedge funds cutting net-long positions on gold futures to a seven-week low.

CO SETS ASIDE ₹25,115 CR FOR CAPITAL EXPENDITURE

JSW Embarking on Next Phase of Growth: Jindal

Our Bureau

Mumbai: JSW Steel's acquisition of iron ore mines through auctions has proved to be a game-changer, and the company will see its steelmaking capacity expand to around 37.5 MTPA by FY 2024-25 from 18 MTPA currently, group chairman, Sajjan Jindal, said in the company's annual report on Wednesday.

"Commencing production at our iron ore mines in Odisha enabled a steady stream of quality ore, ensuring production continuity and allowing us to sweat our assets," Jindal said in the annual report addressing the shareholders.

In the past three years, JSW Steel has deployed over ₹48,000 crore capex to increase the production capacity by 50% without increasing debt, he added.

"We are now embarking on the next phase of growth with the newly approved capex plan of ₹25,115 crore. This capital will allow us to augment our crude steel capacity at Vijayanagar by 7.5 MTPA, enhance and digitise our mining capabilities and infrastructure in Odisha and help us set up a state-of-the-art colour-coated facility in Jammu & Kashmir," Jindal said.

Together, these initiatives will see the combined capacity of JSW Steel expand to 37.5 MTPA by FY 2024-25.

The company acquired Bhushan Power & Steel, Vallabh Tinplate, PCMD Division of Welspun Corp. and Asian Colour Coated this year. "These acquisitions enhance our capacity and strengthen our downstream capabilities and product mix," Jindal said.

JSW Steel has set the overseas operations on a turnaround path and expect improved performance from them in FY 2021-22.

"Better average realisations, cost optimisation and efficiencies



topline by 9%, and saw our operating EBITDA increase to ₹20,141 crores (a 70% rise from last year's figure of ₹11,873 crores), despite higher iron ore and energy prices," he said.

Jindal expects increased infrastructure spending, rising demand from automotive and construction, together with a revival of private capex and consumer demand will continue to drive steel consumption in the coming days.

"Global supply chains are witnessing realignment, with a China+1 sourcing approach, as buyers balance cost and stability, benefiting India," he said.

Jindal said the scale, quality and speed at which India is building infrastructure—metros, airports, freight corridors, high-speed trains, and road networks—will further enhance productivity and accelerate growth.

Steel prices may cool off by ₹3,000/t

Weak demand amid monsoon season to pull down prices

SURESH P IYENGAR

Mumbai, June 30

After a consistent rally in the last few months, steel prices have come under pressure and are expected to be cut by ₹2,000-3,000 a tonne next month to ₹63,000 a tonne on the back of weak demand amidst the monsoon season across the country.

While long product prices are expected to come under pressure due to slowing construction activity, flat product prices are facing the heat due to weak demand from the consumption sectors such as automobile, white goods and others.

Moreover, steel prices at the company level have been



The second Covid wave has impacted demand from auto and consumer durable sectors REUTERS

higher by ₹5,000 a tonne than that of the dealers due to consistent price increase and robust demand. Supply in the market was tight due to higher exports.

In June, the demand has slowed down considerably and inventory at the dealers' end has increased and this may either force steel companies to cut prices or offer a

discount if they decide to hold prices at the current level, said a Mumbai-based dealer.

Long product prices usually come under pressure before the monsoon season, he added.

Output up

Crude steel production increased 46 per cent last

month to 9.2 million tonnes after a dip in April due to the onset of the second Covid wave. The domestic steel output has been driven by increased exports and higher capacity utilisation levels than last year.

Steel demand was up two times at 8.63 million tonne in May, on lower base. On month-on-month, it increased 27 per cent on the back of recovery in demand despite the onset of the second Covid wave. Consumption has not fallen to the levels seen last year when there was a complete shut-down of activities.

However, the second wave has impacted auto and consumer durable demand and partially delayed construction and infrastructure activities. Further, the monsoon could dampen construction and infrastructure demand in the coming months.

Tata Steel to cut debt further this fiscal

OUR BUREAU

Mumbai, June 30

Tata Steel expects the current financial year to be much promising than the previous year despite the challenges posed by Covid-related disruptions.

Addressing shareholders at the company's annual meeting, N Chandrasekaran, Chairman, Tata Steel, said the past 18 months have been challenging in many ways and the company has seen unprecedented times due to the pandemic.

However, it has done well

to strengthen the financial position and reduced the net debt by ₹29,390 crore, aided by the strong market conditions.

Consolidated net debt at year-end was at ₹75,389 crore, down 28 per cent compared to the previous year.

As the company ends the first quarter of this fiscal, it is on course to further reduce its net debt position to have a strong balance sheet in the current financial year.

The company has rationalised around 100 legal entities in the last 24 months. In addition



N Chandrasekaran

to the simplification exercise, the company has also been investing in the areas of digital analytics and technology to make the business structurally more competitive and agile.

"I believe Tata Steel is at a very important inflection point in its history and has the opportunity to create substantial long-term value for its stakeholders. In the next decade, the company has the vision to build significant scale and consolidate its position as one of the most competitive and valuable steel companies globally. With a stronger balance sheet, an agile and responsive team, disciplined operating culture and a strong market environment for steel worldwide," he said.

Copper mining output likely to rise by 7.8%

New projects, last year's low base effect will buoy production: Fitch Solutions

SUBRAMANI RA MANCOMBU

Chennai, July 1

Global copper mining production is forecast to increase by 7.8 per cent this year due to a slew of new projects coming online and low base effects due to Covid pandemic lockdowns resulting in lower output last year, according to Fitch Solutions Country Risk and Industry Research (FSCRIR).

In a commentary on "Global Copper Mining Outlook", FSCRIR said the new projects that go on stream this year would keep production strong the next few years, supported by rising copper prices and demand.

21% rise in prices

Copper prices have gained over 21 per cent this year, though they are off from the record highs

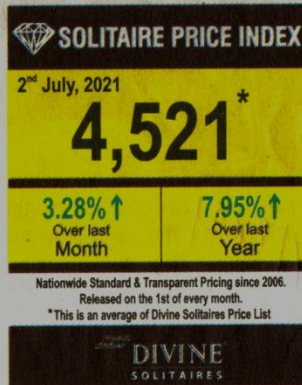
seen in May. On the London Metal Exchange, copper's three-month contract ended at \$9,405 a tonne on Wednesday, with the metal's cash price being \$9,385.

On May 6, copper three-month contracts surged to a record \$10,724.5 a tonne before paring gains on slowing profit growth in Chinese industrial firms. Costlier raw materials have squeezed profits for these companies.

FSCRIR said that Australia and Canada would see most new projects being launched, followed by the US, Peru and Chile. In addition, Chile will see most of the expansion in the copper projects.

Peru factor

Regarding the rise in production, Peru's mine output is forecast to increase by 20 per cent this year due to the new projects



and last year's low base effect. Last year, its production declined 12.5 per cent compared with the 2.5 million tonnes (mt) output in 2019.

Chinese role

The Fitch Solutions research body said that multinational miners will continue investing in Peru, which has 10 per cent of the known reserves, due to

ample mine reserves, lower costs, and a favourable regulatory environment. China will continue to play "an increasingly important role" in the Peru copper sector. Chinese firms will make up 17.2 per cent of the total investment in that country over the next decade. However, copper mines ran the risk of "elevated levels of unrest" resulting from the political risk that might have an indirect impact on mining, it said.

One of the features of the rise in mining production is that China's output would be lower at 1.3 per cent per year during the decade to 2030 compared with 6.9 per cent in the last decade.

This will be due to the closure of low-grade copper mines in the Communist nation and delay in planned capacity expansions, FSCRIR said, adding that new projects would continue to come online.

Gold loses sheen as US dollar gains

G CHANDRASHEKHAR

Punters' eternal favourite gold is currently under pressure after rallying from \$1,700 a troy ounce to \$1,900/oz in April and May on the back of weak US dollar and spurt in physical demand mainly in India and China. It has now dropped to

COMMENTARY

around \$1,750 a troy ounce, the lowest level since mid-April, having suffered the biggest monthly loss since November 2016. This is evident from the fact that in early June, the precious metal reached \$1,915/oz. However, after the recent US Federal Reserve meeting, the metal has started to lose sheen with the dollar appreciating and long-dated US real yields rising.

The bourses reflect the

mood of investors as speculative capital moves out. Investors seem to be turning less optimistic about the gold market outlook. No wonder, on the Comex, the non-commercial (speculative) net-long positions have declined to a two-year low as per latest data.

Demand subdued

The physical market is not supportive. The world's second largest gold importer, India saw imports plummet to a mere 11 tonnes in May, after large imports in March and April. Increased price in the international market has discouraged larger imports. If anything, domestic gold price in the country is trading at a discount to international prices.

With the start of South-West

monsoon, demand for physical gold will remain subdued seasonally in India as the rural population engages in agriculture related activities. The second wave of Covid infections and its impact on economic activities is also likely to dampen demand in the months ahead.

China's story is no different with imports in May lower than in previous months. Gold import into the Asian major is under a system of quotas issued by the Chinese central bank and it is estimated that 155 tonnes quota was granted for April and May.

A silver lining for the gold market is that outflows from ETFs have not accelerated. It is, of course, unclear if ETF in-

vestors are still convinced about the prospect of gold prices in the months ahead. Usually, activity in ETF takes a cue from gold prices with a time lag of a few weeks.

On current reckoning, gold is most likely to be under considerable pressure with rather limited upside potential but greater downside risk. The majority opinion in the Fed appears to be shifting towards the first of the rate hikes as early as next year. If inflation persists, the probability of rate hike will rise too. Other precious metals — silver (\$25.5/oz) and platinum (\$1,050/oz) — too have come under pressure, while palladium has managed to hold on to its level.

The author is a policy commentator and commodity market specialist. Views are personal



Tata Steel eyes 25% sales from digital platform

SURESH P IYENGAR

Mumbai, July 1

Tata Steel is targeting 25 per cent of its sales under the Tiscon brand to come from the company's online store over the next one year.

"Tata Tiscon is ₹8,000-crore brand. Already 12-13 per cent of sales are happening online. We have moved from ₹100 crore to ₹1,200 crore very quickly. I think about 20-25 per cent of our sales can come from online within one year," Peeyush Gupta - Vice-President, Steel (Marketing & Sales), Tata Steel, told *BusinessLine*.

Tata Steel had launched its online platform for B2C segment, Ashiyana, in 2018 primarily targeted at individual home builders. The move enabled the company to not only reduce delivery time but also the average ticket size of purchase by consumers.



Peeyush Gupta, Vice-President

"Earlier buying steel would take 4-6 weeks. We have changed that by our promise to deliver within 72 hours of order placement," Gupta said.

To do this Tata Steel had to ramp up its dealer network. "Our total dealership stands at 5,000 of which 1,500 are big ones through which 80 per cent of our sales happen. They have full stock-keeping units, product portfolio. This was just 700 about 2-4 years back," Gupta said. The dealers keep track of online orders

through another platform called Sampoorana. Gupta said the shift to online has helped the company retain customers through the cycle of constructing a house. "Earlier, a customer would buy the initial steel required from us and we were not able to retain customers. Now with this platform, we are able to attract consumers to keep buying from us and also have things like pipes, doors, and windows that are required for the later part of the house construction," Gupta said.

Cross-selling products

In addition to the steel products, the Ashiyana platform also cross-sells other Tata products including Voltas, Croma, Tata Sky, Tata Capital for products like air conditioners, insurance, and loans.

NMDC sees strong first quarter in FY22

OUR BUREAU

Hyderabad, July 1

NMDC has notched up strong production numbers for the first quarter ended June 2021.

The cumulative iron ore production in the first quarter stood at 8.89 million tonnes (mt) and sales at 9.57 mt, achieving 34 per cent increase in production and 49 per cent in sales over the same period of last fiscal.

The country's largest iron ore producer, has surpassed its previous best for any Q1 since inception.

Also, for June, with iron ore production of 2.98 mt and sale

of 3.18 mt, this has been the best June ever for the State-owned iron ore mining company NMDC.

The month of June saw Kirandul complex deliver its best performance to date of 10.36 lakh tonnes was produced and 11.36 lt sold from this complex in Chhattisgarh.

"The first quarter sets the tone for what we expect to be one of our best years. This momentum could see us surpass our production and sales target for FY 2022. That such a strong performance is being achieved in such testing times is particularly gratifying," Sumit Deb, CMD NMDC, said.

Jindal Steel Andhra to invest ₹7,500 cr for steel plant in AP

SIPB nod for projects of St Gobain, Greentech among others

OUR BUREAU

Hyderabad, July 1

The State Investment Promotion Board (SIPB) of Andhra Pradesh has recently approved several investment proposals including a ₹7,500 crore steel plant proposal by Jindal Steel Andhra Limited.

The SIPB meet, chaired by Chief Minister YS Jagan Mohan Reddy, earlier this week also directed the authorities to ensure 75 per cent employment to the local can-

didates in the projects being set up in the State. The SIPB approved allotment of 860 acres to Jindal Steel Andhra Limited at Thammampatnam in Nellore District to set up an integrated steel plant with an annual production capacity of 2.25 million metric tonnes at a total investment of ₹7,500 crore, with potential of job creation for 2,500 people in four years.

The board also approved extension of the deadline to June, 2022 for setting up of St. Gobain project in Visakhapatnam district, following a request by the company for an extension due to

Covid conditions. It had proposed a total investment of ₹2,001 crore in three phases.

Pitti Rail Engineering Components Ltd was also accorded approval for its project at Kopparthi near Kadapa for manufacturing of electrical, locomotive, and industrial infrastructure at an investment of ₹401 crore and providing direct employment for 2,000 people.

Other approvals included Neelkamal Ltd project at Kopparthi planned with an investment of ₹486 crore for a manufacturing facility for furniture and other household items and the expan-

sion project of Greentech Industries in Naidupet area of Nellore district, which supplies steel and iron products to companies such as Ford, Hyundai, Volkswagen and others. GreenTech, which has already invested ₹750 crore, plans to invest ₹627 crore.

The SIPB also approved a project of Ammayapper Textiles in Chittoor District and the construction of a mega retail park for Textiles and Garments in five acres at Tadepalli, Guntur District by investing ₹194.16 crore. The retail park will be designed to house around 900 retail units.

भास्कर इंडस्ट्री रिपोर्ट

छग की छोटी स्टील फैक्टरियों ने एक महीने के लिए आधा किया उत्पादन

लौह अयस्क महंगे मांग में आई कमी

छह महीने में 75 फीसदी बढ़ चुके हैं लौह अयस्क के दाम

■ ऊंची कीमत के चलते स्टील की घरेलू मांग में आई कमी

सतीश चंद्राकर | रायपुर



कोरोना महामारी की दूसरी लहर हल्की पड़ने के बाद भी छोटी स्टील फैक्टरियां पटरी पर नहीं लौट पा रही हैं। अप्रैल और मई में ऑक्सीजन की किल्लत से उत्पादन प्रभावित हुआ, तो अब लौह अयस्क की बढ़ी कीमतों और स्टील की मांग में कमी के चलते कंपनियों को मजबूरन उत्पादन घटाना पड़ रहा है। कंपनियों ने एक जुलाई से एक महीने तक उत्पादन आधा करने का फैसला किया है। हालात नहीं सुधरे तो इसमें और कमी की जा सकती है।

छत्तीसगढ़ में देश के सबसे स्टील प्लांट भिलाई स्टील प्लांट के अलावा 90 स्पंज आयरन; 150 मिनी स्टील प्लांट और 175 रोलिंग मिलें हैं। सामान्य परिस्थितियों में छत्तीसगढ़ के कुल उत्पादन का 85% स्टील अन्य प्रदेशों को जाता है, जबकि 15 फीसदी माल की खपत प्रदेश में ही होती है। अप्रैल और मई में 60% छोटे स्टील प्लांट बंद हो गए थे। जून में अनलॉक के बाद

स्टील फैक्टरियों ने 100% क्षमता के साथ उत्पादन शुरू तो किया, लेकिन उन्हें मांग नहीं मिली। स्पंज आयरन मैनुफैक्चरिंग एसोसिएशन के अध्यक्ष अनिल नचरानी ने दैनिक भास्कर से बातचीत में कहा कि आयरन -र की कमी और इसकी बढ़ी कीमत ने छोटी स्टील कंपनियों की कमर तोड़ दी है। प्रदेश को हर महीने 8 लाख टन आयरन -र की जरूरत पड़ती है। लेकिन फिलहाल 3-4 लाख टन आयरन -र ही मिल पा रहा है। छत्तीसगढ़ से हर महीने लगभग 2 लाख टन आयरन -र चीन को सप्लाई किया जा रहा है।

मांग और आपूर्ति में बड़े अंतर के चलते इसके दाम में 75% की जबरदस्त बढ़ोतरी हुई है। आयरन -र का दाम जनवरी के 8-9 हजार रुपए प्रति टन से बढ़कर अब 14 हजार रुपए प्रति टन तक पहुंच गए हैं।

इससे स्टील महंगा हुआ है। यह जनवरी में 38 हजार रुपए प्रति टन की तुलना में 55 हजार रुपए प्रति टन पर पहुंच गया है। स्टील के महंगे होने से मांग घट गई है। नचरानी ने कहा कि स्टील फैक्टरियों ने एक जुलाई से अपना प्रोडक्शन आधा कर दिया है। एक महीने तक हम इतना ही प्रोडक्शन करेंगे। अगर हालात नहीं सुधरे, तो इसके बाद प्रोडक्शन बंद करना भी पड़ सकता है।

सरप्लस होने के बावजूद महंगी बिजली

छत्तीसगढ़ बिजली के मामले में सरप्लस है, बावजूद इसके यहां उद्योगों को 6.75 रुपए यूनिट की दर से बिजली मिल रही है। इससे भी हमारी लागत बढ़ रही है।

-विकास अशवाल, अध्यक्ष, छत्तीसगढ़ मिनी स्टील प्लांट एसोसिएशन

Coal production dips 2 per cent to 716 million tonnes in FY21

Imports fell
13.5% to 215 mt

OUR BUREAU

New Delhi, July 2

India's coal production declined by 2.03 per cent in the financial year 2020-21 to 716 million tonnes as compared to the production level of 730.87 million tonnes seen in the previous year, according to provisional coal statistics from the Ministry of Coal.

The latest output is also lower than the level seen in 2018-19, when the annual production stood at 729 million tonnes.

In 2020-21, coal production stayed under 50 million tonnes during each of the first six months and resumed growth from October, reaching 96 million tonnes in March.

Coal India's production declined by 1 per cent to 596 million tonnes during the fiscal year 2020-21. The public-sector miner accounted for 83 per cent of India's total production.

On the other hand, the production from captive coal



Coal output remained under 50 million tonnes during each of the first six months

blocks in the country grew 8 per cent to 66 million tonnes.

Production of thermal coal in the country stood at 671 million tonnes, while that of coking coal was 45 million tonnes. At 37 million tonnes, the annual production of lignite in 2020-21 has been the lowest in the past 10 fiscal years.

As the highest thermal coal-producing State, Chhattisgarh produced 158 million tonnes, accounting for 24 per cent of the overall thermal coal production, followed by Odisha and Madhya Pradesh.

Jharkhand, which accounts for nearly all of India's coking coal production,

produced 44 million tonnes of coking coal.

Imports also subdued

Coal imports to India declined by 13.5 per cent to 215 million tonnes. The import of thermal coal during 2020-21 declined by 17 per cent to 164 million tonnes, worth ₹70,602 crore. The import of coking coal declined by 1 per cent to 51 million tonnes, worth ₹45,436 crore.

The lion's share was exported by Indonesia, which supplied 96 million tonnes of coal to India during the fiscal year. Australia exported 55 million tonnes to India, and was also the largest supplier of coking coal.

All that glitters is not gold

Silver sees positive undertone and fresh longs can be initiated if the support at ₹70,000 sustains

AKHIL NALLAMUTHU

BL Research Bureau

Continuing the recent trend, net purchases of gold by central banks was seen in May. It stood at 56.7 tonnes according to the data released by the World Gold Council (WGC). This is 11 per cent lower month on month but a significant 43 per cent higher compared to the monthly average for 2021. The buying has been stable this year contrasting with inconsistent transactions in 2020. Central banks buy gold irrespective of the price as it plays a key part in their reserve management. While the buying has been steady, it should be noted that the buying tends to be by a few central banks, this time around the driver being the Bank of Thailand.

Another data set from the WGC shows that the costs of the gold mining industry increased in the second consecutive quarter this calendar year with the global average All-in Sustaining Cost (AISC) going up by 5 per cent to \$1,048 per ounce, the highest since second quarter of 2013. While a part of this can be attributed to seasonal factors, other factors such as the cost related to Covid - PPE kits, carrying out testing and quarantine procedures and rising labour costs added to the overall cost. The costs are expected to remain at elevated levels for the rest of the year and this can put upward pressure on the gold price.

On the price front, both gold and silver ended the week flat as they closed at \$1,787.3 and \$26.44 (per ounce), respectively on Friday. But since rupee depreciated against the greenback, bullion performed better in the do-



mestic market. Gold futures (August expiry) on the Multi Commodity Exchange (MCX) closed the week with a marginal gain of 0.8 per cent as it ended at ₹47,285 (per 10 grams) and silver futures (September expiry) posted a gain of 1.8 per cent by closing at ₹70,188 (per Kg) on Friday.

MCX-Gold (₹47,285)

Gold futures (August series), trading in the range between ₹46,650 and ₹47,325, breached the lower boundary last week and hit a fresh low of ₹46,330. Had the contract sustained at those levels, the bears could have made an onslaught on the bulls. However, the bulls were quick enough to respond and pushed the contract back above the support of ₹46,650 in the very next session. The rally continued in the ensuing sessions and consequently, the contract made an intraweek high of ₹47,515 before closing

lower at ₹47,285. Thus, there is no clear breakout of the resistance of ₹47,325.

Nevertheless, indicators like the relative strength index (RSI) and the moving average convergence divergence (MACD), though lying in the negative zone, are showing signs of the uptrend picking up momentum. While the RSI is showing a fresh uptick, the MACD is turning its trajectory upwards. The number of outstanding open interest (OI) of all active futures contract increased to 14,806 contracts on Friday as against 14,384 contracts, a week before - a price increase accompanied by increase in OI is a bullish signal.

Since the contract is yet to decisively close above the resistance of ₹47,325, traders can wait for the same before initiating fresh long positions. Once the breakout occurs, the price is likely to rise to ₹48,140 - its 50-day

moving average - next week, a breakout of which can take the contract to the critical resistance at ₹48,600 where 200-DMA coincide. But in case if the futures sustains below ₹47,325 next week, it can retest the low of ₹46,330.

MCX-Silver (₹70,188)

Similar to gold futures, silver futures (September expiry) declined in the first half of the week and then recovered swiftly. But unlike gold, it did not make a fresh low but bounced off the prior low of ₹67,700, which is acting as a good support. The silver futures registered a higher high of ₹70,360 before wrapping the week at ₹70,188 i.e., above the important level of ₹70,000. However, it has only closed marginally above ₹70,000 and so, to call it a decisive breakout, the futures should sustain above that level.

Though the RSI and the MACD are showing fresh positive signs, there is notable decline in activity in the contract even as it saw movement on either direction last week. The number of outstanding OI of all active futures contracts witnessed a considerable drop to 9,689 contracts from 14,002 contracts, a week before.

Considering the above factors, traders can stay away from initiating fresh trades even though there are certain bullish indications. Start fresh longs only if the contract sustains above an important hurdle at ₹70,000. The immediate resistance from the current level is at ₹71,600 - its 50-DMA. Above that level it can rally towards ₹72,500. If the contract falls back below the resistance at ₹70,000, it can be expected to retest ₹67,700.

Tata Steel sales, output surge on low-base effect

Production up 55% in the June quarter

OUR BUREAU

Mumbai, July 4

Tata Steel has reported that its sales in the June quarter increased 42 per cent to 4.15 million tonne against 2.93 mt logged in the same period last year. Steel production was up 55 per cent to 4.62 mt compared to 2.99 mt last year, when both sales and production were impacted by the first lockdown.

However, on a sequential basis, crude steel production decreased 3 per cent with diversion of over 47,800 tonnes of liquid medical oxygen to hospitals amid the Covid second wave.

Similarly, sales were down 11 per cent on the back of partial lockdowns announced by some States and temporary shutdowns in a few consuming sectors to tackle Covid.

Sales to automotive and spe-

cial products' were up three times in the June quarter over the same period last year as auto production was impacted then. Sales of branded products and to the retail segment more than doubled.

Tata Steel continues to focus on improving its offerings to the domestic market. Sales of value-added products to key segments like pre-engineered buildings, oil and gas, agricultural implements grew 175 per cent, said the company.

E-comm platform

Revenues of Tata Steel Aashiyana, an e-commerce platform for the individual home builder, grew seven times to ₹257 crore.

Offsetting the impact of lower domestic demand, exports increased to 16 per cent of the total sales against 11 per cent in the March quarter. The domestic market has been improving since mid-June with the easing of lockdowns, said the company.

कोल रिजर्व में झारखंड पहले स्थान पर उत्पादन में छत्तीसगढ़ सबसे आगे



■ रांची, एजेंसियां. देश में सबसे अधिक नया कोल रिजर्व छत्तीसगढ़ में मिला है. हाल में जारी हुई रिपोर्ट के मुताबिक छत्तीसगढ़ में पिछले तीन साल के भीतर 12,226 मिलियन टन कोल रिजर्व का पता चला है. वहीं, कुल कोल रिजर्व के मामले में झारखंड अब भी देश में पहले स्थान पर है. झारखंड में 2,450 मिलियन टन कोल रिजर्व का पता चला है. वित्तीय वर्ष 2020-21 में छत्तीसगढ़ की खदानों से सबसे अधिक 127.09 मिलियन टन व झारखंड से 113.01 मिलियन टन कोयला निकाला गया था. छत्तीसगढ़ में 2018 में कोल रिजर्व 57,206 मिलियन टन था यह बढ़ कर 69,432 हो गया है. यहां कोयले के कई नये भंडार मिले हैं. कुल कोल रिजर्व में छत्तीसगढ़ का स्थान तीसरा है. झारखंड में कोयले का कुल भंडार 85,602 मिलियन टन का है. 2018

राज्य	रिजर्व	उत्पादन
छत्तीसगढ़	69,432	127.09
झारखंड	85,602	113.01
ओडिशा	84,652	112.91

ओडिशा में हो रही वृद्धि



पिछले तीन साल में ओडिशा में कोयले के भंडार में 5357 मिलियन टन की वृद्धि हुई है. यहां 2018 में 80,840

मिलियन टन भंडार था. यह बढ़ कर 84,652 मिलियन टन हो गया है. इसके अतिरिक्त पश्चिम बंगाल, मध्य प्रदेश, तेलंगाना, महाराष्ट्र, उत्तर प्रदेश, आंध्र प्रदेश, बिहार, सिक्किम और असम में भी कोयला का भंडार है. यहां कुल 3,42,379 मिलियन टन कोयले का भंडार है. अरुणाचल प्रदेश, मेघालय और नागालैंड में भी आंशिक कोयले का भंडार है.

में यह 83,152 मिलियन टन था. देश में 3,44,021 मिलियन टन कोयला होने का अनुमान है.

Gold Regains Shine as Central Banks Line Up Buying Plans

Global trade recovery bolstering current accounts, giving emerging market central banks a diversification opportunity

Bloomberg

Central banks may be regaining their appetite for buying gold after staying on the sidelines for the past year.

Central banks from Serbia to Thailand have been adding to gold holdings and Ghana recently announced plans for purchases, as the specter of accelerating inflation looms and a recovery in global trade provides the firepower to make purchases. A rebound in buying — which had dropped to the lowest in a decade — would bolster the prospects for gold prices as some other sources of demand falter.

"Long term, gold is the most significant guardian and guarantor of protection against inflationary and other forms of financial risks," said the National Bank of Serbia. Serbian President Aleksandar Vucic recently announced the central bank intends to boost holdings of

the precious metal to 50 tons from 36.3 tons.

Bullion has come under pressure this year as higher bond yields made the non-interest bearing haven seem less attractive to investors. After recovering in April and May, gold fell by the most in more than four years last month as the Federal Reserve turned more hawkish and the dollar strengthened.

The recovery in global trade is bolstering the current accounts of emerging market nations, giving their central banks the option of buying more gold. Higher crude prices are also boosting bullion purchases by oil exporters, including Kazakhstan, according to James Steel, chief precious metals analyst at HSBC Holdings Plc. That's likely to continue, he said.

"If a central bank is looking at diversifying, gold is a marvelous way of moving out of the dollar without selecting another currency," he added. The precious metal rose 0.3% to



trade at \$1,792.16 an ounce by 1:35 p.m. London time. It's now trading near its 100-day moving average, a key technical level.

In a bullish scenario, as the global economy rebounds, central bank buying could reach about 1,000 tons, Aakash Doshi and other Citigroup Inc. analysts wrote in a report. The bank's forecast is for purchases to climb to 500 tons in 2021 and 540 tons next year. That's below the twin peaks above 600 tons in 2018 and 2019, but a signifi-

cant advance on the 326.3 tons purchased last year, according to World Gold Council data.

About one in five central banks intend to increase their gold reserves over the next year, according to a survey by the WGC published last month.

Central banks are one component of physical buying that's helping to counter hefty investor outflows from exchange-traded funds, said Standard Chartered Plc's precious metals analyst Suki Cooper.

Oil Rises as OPEC+ Seeks to Break Impasse

LONDON: Oil prices rose on Monday, driven higher by a disagreement inside OPEC+ about output policy that led to a third day of talks to try to break an impasse among producers in the group.

Brent was up 18 cents, or 0.2%, at \$76.35 a barrel by 1228 GMT, trading around 2-1/2 year highs. US oil gained 22 cents, or 0.3%, to \$75.38 a barrel.

The OPEC+, resumes talks on Monday after failing to reach a deal last week amid a standoff between Saudi Arabia and the United Arab Emirates. — Reuters

Buy MCX nickel futures

AKHIL NALLAMUTHU

BL Research Bureau

The continuous contract of nickel on the Multi Commodity Exchange (MCX) rallied in the first couple of months this year. But, after hitting a high of ₹1,446 in February final week, the contract made a u-turn and began to move southwards. The fall was quick and it dropped to ₹1,140 levels within a couple of weeks. Since then, the band of ₹1,140 and ₹1,150 acted as a solid base. The contract then gathered strength. The price began going up in March last week from about ₹1,150 and since then, it has gradually headed north.

The rally ran into a resistance at ₹1,360 and since early May, it has been struggling to go beyond this level. But an up-move

that began two week ago has given the contract a good momentum and it has broken out of ₹1,360 last month-end.

Although there was no significant follow through rally, the contract is able to sustain above the resistance-turned-support of ₹1,360. Indicators like the relative strength index (RSI) and the moving average convergence divergence (MACD) remain in their respective bullish territories and the average directional index (ADX) shows that the bulls are strong. Moreover, the open interest of the futures contract has been steadily rising with the price, a bullish signal. Hence, traders can be positive and buy nickel futures with stop-loss at ₹1,330 for a target of ₹1,450.

Lithium may rule firm in the short-term

India will take years to start mining of the minor metal, say Fitch Solutions analysts

SUBRAMANI RA MANCOMBU

Chennai, July 5

Prices of lithium, a metal that is key in the electric vehicles (EV) sector especially for the batteries, are likely to rule high in the short-term. But they will not result in any large spike to rise to the highs witnessed in 2016 and 2017, a Webinar on "Global Lithium Outlook" was told.

Though the outlook for lithium prices is favourable, the metal's use in EV batteries featuring various cathode chemistries will help insulate lithium demand from technological advances. It will coincide with changing preferences for cathode chemistries, said experts at the outlook "Key themes for fast-growing, fast-evolving sector", held by Fitch Solutions Country Risk and Industry Research (FSCRIR).

Surge in prices

Key analysts of FSCRIR handled

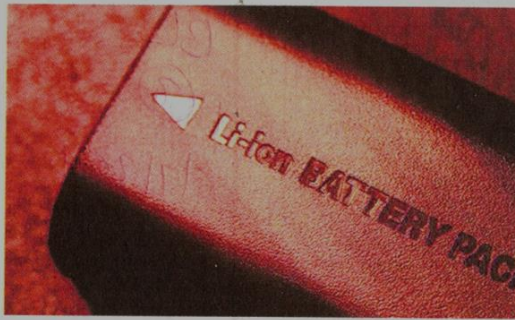
various queries at the Webinar on the outlook for lithium that has witnessed a 91 per cent price surge since the start of this year to 89,000 Chinese yuan (₹10.25 lakh) a tonne.

FSCRIR analysts told the Webinar that it is unlikely that perceptions of over-development currently could lead to lithium oversupply in the near-term, as mine development takes several years from conception to operationality.

India's potential

Moreover, growth in lithium consumption is expected to outpace current supply developments. This is supported by strong government support in major economies to promote EVs and large-scale energy storage systems that will more than keep up with supply, the analysts said.

FSCRIR analysts feel that though India announced the



Lithium has witnessed a 91% surge in prices since the start of this year to 89,000 Chinese yuan (₹10.25 lakh) a tonne

discovery of lithium reserves in Karnataka's Mandya district this year, actual mining, if at all takes place, will take years.

Exploratory work has also been done on extracting lithium from brine pools in Rajasthan and Gujarat besides the mica belts of Odisha and Chhattisgarh.

The total reserve at Mandya was only 1,600 tonnes and this indicated that India would continue importing lithium in the long-term. They also pointed

out the agreement signed by the newly-formed public sector firm Khanij Bidesh India Ltd, with an Argentinian firm to jointly prospect lithium in the Latin American nation with 17 million tonnes of lithium reserves.

Khanij Bidesh was set up in 2019 as a joint venture between National Aluminium Company Ltd (Nalco), Hindustan Copper Ltd (HCL) and Mineral Exploration Company Ltd (MECL) to ensure a consistent supply of crit-

ical and strategic minerals to the domestic market.

Hydrogen cell tech

Demand for lithium hydroxide will exceed that of lithium carbonate in future as it is the key lithium chemical utilised in preferred battery cathodes. While hydrogen cell technology is picking up, it would require another 10 years to flourish. Also, it would take a longer time for hydrogen fuel cell vehicles (FCVs) to pick up compared to EVs, the analysts said.

Hydrogen FCVs will not pose a significant threat to lithium demand over the next decade due to lack of supporting refuelling networks. The Fitch analysts, however, saw limited scope for alternative technologies to gain market share, at least until 2030. Though lithium prices will trend higher over the next five years, prices of batteries will decline in coming years due to increased economies of scale in the battery manufacturing segment, rising manufacturing efficiency.

Government selling up to 7.5% stake mining major; to invite bids exclusively from retail investors today

Analysts Positive on NMDC's Offer for Sale, Stock Can Give 15-20%

Rajesh Mascarenhas
@timesgroup.com

Mumbai: Retail investors could consider putting money in the Offer for Sale (OFS) of public sector mining major NMDC on Wednesday. Analysts said there is scope for the stock to return 15-20% in the near-term as the sector's prospects remain robust.

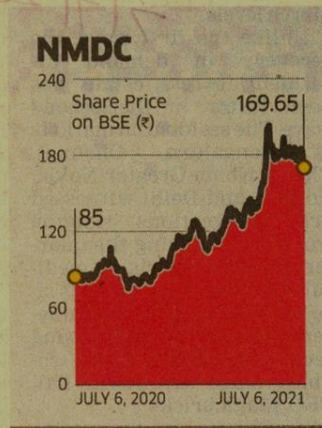
The government is selling up to 7.5% stake in NMDC. The issue, which opened on Tuesday, will invite bids exclusively from retail investors on July 7.

On Tuesday, the non-retail portion was subscribed 2.13 times with an indicative price of ₹166.46 as against the floor price of ₹165 per share, a discount of 5.88% to Monday's closing price.

"NMDC's OFS price is a good entry point for investors considering its strong business fundamentals in terms of iron ore price and demand," said Abhijeet Bora, analyst, Sharekhan. "Also, the government's stake sale would increase the free float for NMDC and that bodes well for a potential increase of NMDC's weightage in MSCI Index going forward."

NMDC shares declined 3.3% to ₹169.45 on Tuesday. The stock is currently trading at a Price to Book (P/B) Value — a valuation measure — of 1.72 times, which, according to analysts, is not expensive.

The government currently owns a 68.29% stake in the company. Its stake will come down to 60.8% if investors subscribe to



the entire issue.

"On the back of volume growth, coupled with healthy pricing environment, we have a positive view on NMDC and value the stock at a target price of ₹210," said Dewang Sanghavi, analyst, ICICI Securities.

The stock has declined 12% in the past month and 21% from the 52-week highs of ₹213.15 hit on May 12.

For the quarter ended March 2021, NMDC reported a 30% year-on-year and 28% quarter-on-quarter increase in production volume.

"At current market price, the stock is trading at 4 times the core iron ore mining business and provides an attractive dividend yield of 13%," said Amit Murarka, analyst, Motilal Oswal Financial Services.

Tata Steel charts ₹60,000-cr capex plan

OUR BUREAU

Mumbai, July 6

Tata Steel on Tuesday unveiled plans to invest ₹50,000-60,000 crore over the next five years. This will be used to enhance the capacity of different units including ramping up its Kalinganagar plant to eight million tonnes, securing iron ore capacity of 50 million tonnes per annum, and enhancing the cold rolling capacity to 6.5 mtpa from 4.3 mtpa.

To beat the cyclical nature of the business, TV Narendran, Managing Director, said Tata Steel will

focus on new and allied businesses such as production of low-carbon steel, composite material, graphene, medical materials, services and solutions.

Each of these has the potential to become a ₹1,000-crore business over a period. Most importantly, in most of these businesses, the company will not be competing on steel but on other materials altogether, Narendran said at an investors' call on Tuesday.

The company targets doubling its capacity to 40 million tonne

by 2030 largely through organic growth, he said. With the focus on ESG (environment, social and corporate governance) rating, the company plans to make 5 million tonnes of steel through the recycling route. It has already set up a recycling plant of 0.5 mtpa at Rohtak in Haryana. The company can set up a steel plant on 50-100 acres closer to the recycling unit using the electric arc furnace route instead of the conventional steel plant that requires 3,000 acres, he said.

Tata Steel also plans to increase capacity of ductile iron pipes and tinplate to 1 mtpa each from 0.2 mtpa and 0.4 mtpa respectively. Tubes and wire production capacity will be increased to 2 mtpa and one mtpa from 1.3 mtpa and 0.45 mtpa respectively.

On average, the company plans to spend ₹10,000-₹12,000 crore per annum, excluding acquisitions. The company has invested ₹80,000 crore over the last years.

The company plans to reduce its debt by \$1 billion every year. It has bought down its net debt to ₹75,390 crore as of March-end from ₹1.04 lakh crore.

Odisha govt approves ₹24,652-cr expansion of JSPL's Angul plant

OUR BUREAU

New Delhi, July 7

Headed by Chief Minister Naveen Patnaik, State High Level Clearance Authority of Odisha has approved the expansion of Jindal Steel and Power Ltd's (JSPL) Angul plant to produce 25.2 million tonnes per annum (mtpa) of steel at an investment of ₹24,652 crore.

The plant has an existing capacity of 6 mtpa and had an approved proposed capacity of 18.6 million tonnes. The investment will generate potential employment opportunities for over 1,000 people, an Odisha government statement said.

"This investment will take JSPL's total investment to ₹1,00,670 crore (over the next ten years), making it the largest single location steel plant capacity in the world," the statement said.

Buoyed by sustained high steel prices, manufacturers



have been moving onto new investments this year. Including the Angul plant expansion, the Odisha authority on Tuesday approved five major industrial projects to the tune of ₹1,46,172 crore in the steel sector.

Q1 production falls

JSPL on Wednesday reported a 3 per cent sequential decline in steel production at 2.01 million tonnes (mt) for the June quarter. "Conscious decision by the company to divert oxygen towards saving human lives led to production getting impacted slightly," a company statement said.

Sales too fell by 16 per cent quarter-on-quarter to 1.61 mt. As the domestic economy took a hit due to the second wave of Covid during the quarter under review, the share of exports rose again to 34 per cent, up from 27 per cent in the previous quarter.

"Exports were impacted by logistical challenges posed by adverse weather conditions leading to congestion at ports. Inventory of 1.5 lakh tonnes currently remains stuck at port, which will be shipped as soon as the logistical bottlenecks are removed," JSPL said.

In June, production stood at 0.64 mt, while exports accounted for 44 per cent of the sales volume.

"We aim to produce 8.0-8.5 million tonnes of steel in FY22," VR Sharma, Managing Director, said in the statement. "We also aim to reduce our overall debt to ₹9,900 crore by the end of this financial year."

SATYA SONTANAM

STATISTALK

Base metal prices - A reality check

Base metal prices started recovering from March lows in 2020 backed by easy monetary policy of central banks and a weaker dollar. They are also being supported by strong fundamentals. These include higher demand from China, the ongoing global economic recovery, supply disruptions and increased investment demand in commodity assets. Falling inventory levels of most metals at LME warehouses may support the prices at these levels

Base metal prices sustain momentum

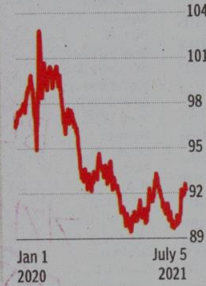
Despite short spans of correction

(\$/tonne at LME)

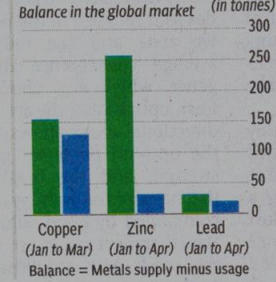


Aided by dollar weakness and...

US Dollar Index



..and higher demand in the market



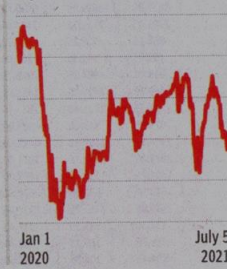
Rise in domestic prices exceed global price surge

(₹ per kg at MCX)

(₹ per kg at MCX)



..due to weakening rupee over dollar



Falling inventory levels of most metals

Inventory at LME warehouses (in tonnes)



Source: Bloomberg, ILZSG, ICSG

Graphic: Visveswaran V

SCCL posts 78% growth in coal, energy sales

Production, dispatches up but targets missed in April-June

SPECIAL CORRESPONDENT
HYDERABAD

Singareni Collieries Company Ltd (SCCL) has posted 78% increase in the first quarter turnover this financial year with improved sales of coal and energy, as life and economic activity is returning to normalcy after the impact of COVID-19 shutdown in the second wave of the pandemic.

According to company officials, the company has achieved ₹6,337 crore turnover during the April-June period of the 2021-22 fiscal against ₹3,560 crore turnover during the same period of the last fiscal, which was badly hit by the shutdown of the economic activity in the first wave of COVID-19 spread. Profit of the company in the first quarter this fiscal has also increased to ₹663.32 crore.

Of the total turnover during the first quarter, sales of coal contributed ₹5,393 crore with an increase of 89.16% compared to the same period of the last financial year as they were ₹2,851 crore.

Energy sales

In the sale of energy, the company has achieved 32.83% growth rate with the energy sales of Singareni Thermal Power Plant reaching ₹944 crore during the April-June quarter this year compared to ₹711 crore during the same period last year. Although the company has posted growth in terms of coal production, overburden removal and coal dispatches in the first quarter, it



Coal being loaded into a dumper at a mine site for taking it to the nearby coal handling plant. ■ ARRANGEMENT



Company achieved ₹6,337 crore turnover during April-June period of the 2021-22 fiscal against ₹3,560 crore turnover during the same period of last fiscal.

SCCL OFFICIALS

has missed the targets fixed for itself towards achieving the goal of 70 million tonnes of coal production.

The company has produced 15.57 million tonnes (92% of the target) of coal during the first quarter of this fiscal against the target of 16.99 million tonnes.

In coal dispatches, the achievement was 16.7 million tonnes (97%) against the target of 17.29 million tonnes. In the overburden removal, the company has posted 18.7% growth in Q1 compared to the same period last year (80.05 million cubic meters) by removing

95.02 million cubic meters of OB.

As the production and dispatches of coal during the July-September (monsoon) period would hold key in achieving the target, the company has set a target of at least 1.85 lakh tonnes of coal production and transportation every day this month.

According to the coal company officials, there was an increase of nearly 64% in the production of coal and over 97% in dispatches during the first quarter (April-June) this year compared to the previous year.

Against the production of 9.5 million tonnes of coal during the COVID-hit first quarter of 2020-21, it is 15.57 million tonnes during the same period of 2021-22. Similarly, the dispatch of coal was 16.7 million tonnes during the first quarter of 2021-22 against 8.47 million tonnes during the first three months of 2020-21.

Steel Makers See Healthy Increase in Production

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Mumbai: India's top steel makers are seeing a healthy year-on-year increase in production on the back of a low base in the first quarter of last year, but the slump in domestic demand means they must continue with exports to keep inventory low. Tata Steel has reported a 55% jump in production in Q1 of FY22 to 4.62 MT.

"Tata Steel's automotive and special products' segment deliveries increased by around seven times year on year against the estimated three times YoY increase in automotive OEM's production in Q1 of FY22," the company said, adding that its branded products and retail segment deliveries were higher by 112%.

Industrial production, including that in the steel sector, was badly impacted last year after the outbreak of Covid-19.

Among other steel plants, JSW Steel has reported a 10% jump in production in May. However, the company has increased long steel production to 55%, denoting a recovery in infrastructure and construction.

BUSINESS LINE DATE : 10/7/2021 P.N.8

Chinese demand for metals may stabilise

'As prices drop from peaks seen in May, consumption will increase'

SUBRAMANI RA MANCOMBU
Chennai, July 9

As prices of ferrous and non-ferrous metals surged to multi-year highs in May this year, Chinese demand for these industrial metals dropped immediately. However, demand from the Communist nation will likely stabilise as prices have declined since then, two research firms have said.

According to Fitch Solutions Country Risk and Industrial Research (FSCRIR), China's domestic demand for industrial metals has begun to show signs of stabilisation after soaring in

the first five months of the year.

Rise in constructions

Though the research firm sees the demand easing in the months ahead, it does not expect any collapse in the current half as construction activities in China will continue. The pace of the activities may, however, be slower than the first half, it said.

Pointing to increased volatility in the metals markets over the last month, Dutch multi-national banking and financial services research firm ING Think said the Chinese



government has attempted several times to cool down rising prices, with varying degrees of success.

"Part of this intervention includes cracking down on speculation within the domestic market, whilst also finally confirming the release of aluminium, copper and zinc

from State reserves," it said.

Metals' behaviour

Over the past month, copper prices have dropped over 4.5 per cent, while gains in steel have been curbed to below one per cent. Prices of aluminium have declined by nearly one per cent and zinc rates, by a little over two per cent. Prices of iron ore and metals such as tin and nickel have increased marginally. However, the rates of all these are below the peaks seen in May.

ING Think said the Chinese impact on prices is likely to be short-lived as the market was overwhelmed with the volumes of metals the

Chinese government offered in the first stock release.

Strong offtake

Fitch Solutions said the peaking of construction activities will result in stabilisation of demand for metals in China and offtake from the automobile and consumer electronics sectors will continue to be strong for the remaining part of the year.

On its justification of demand re-emerging for copper, ING Think said: "If we look at China, copper cathode import premiums are at multi-year lows, with downstream buyers remaining on the sideline in this relatively higher price environment."

Vedanta, Hindalco among 20 bidders for coal blocks

NEW DELHI, July 9 (PTI)

VEDANTA Ltd, Hindalco Industries, Adani Power Maharashtra and Bharat Aluminium Company Ltd (Balco) are among the 20 companies that have submitted bids for 19 coal mines put up for sale in the second round of auctions for commercial mining.

Of the total 34 bids submitted by these firms, the maximum (four each) were from Aurobindo Realty & Infrastructure Pvt Ltd and Sunflag Iron and Steel Company Ltd. Three bids each came from Shree Satya Mines Pvt Ltd and South West Pinnacle Exploration Ltd. Adhunik Power & Natural Resources Ltd, CG Natural Resources Pvt Ltd and Jhar Mineral Resources Pvt Ltd submitted two bids each.

Companies like Vedanta, Hindalco Industries Ltd, Bharat Aluminium Company Ltd and Adani Power Maharashtra Ltd put in one bid each. "A total of 20 companies have submitted



their bids in the auction process," the Coal Ministry said in a statement. A total of 34 bids have been received for the 19 coal mines, of which 10 are fully explored mines and nine are partially explored. Four of these mines are coking coal mines while the remaining 15 are non-coking coal ones. "Two or more bids have been received for eight coal mines," the statement said. The online bids were decrypted and opened electronically in the presence of the bidders. Subsequently, sealed envelopes containing offline bid documents were also opened in the presence of bidders. The entire process was displayed on the

screen for the bidders, it said.

The bids will be evaluated by a multi-disciplinary technical evaluation committee. The technically qualified bidders would be shortlisted for participation in the electronic auction to be conducted on MSTC portal, the statement said. The last date of submission of technical bid was Thursday.

"As part of the auction process, technical bids comprising of online and offline bid documents were opened today at New Delhi, in the presence of the bidders," it said. The auction process of 67 coal mines for sale of coal was launched by the Nominated Authority, Ministry of Coal, on March 25. This is the highest number of mines on offer in a particular tranche after commencement of auction regime in 2014. Out of total 67 mines offered by Ministry, 23 are under Coal Mines (Special Provisions) Act and 44 under Mines and Minerals (Development and Regulation) Act.

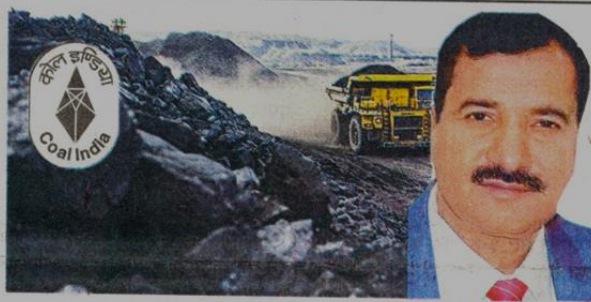
WCL के CMD मनोज कुमार से विशेष बातचीत

कोयले की डिमांड पूरी करना बड़ी चुनौती

■ नागपुर, व्यापार प्रतिनिधि. कोरोना काल में कोयले की मांग तेजी से घटी थी लेकिन अब मांग में जबरदस्त उछाल दर्ज किया गया है. वेस्टर्न कोल फील्ड लि. (वेकोलि) के साथ कई बिजली कंपनियों के जुड़ने के कारण यह संभव हुआ है. वेकोलि उत्पादन बढ़ाकर चुनौती को पूर्ण करने में सक्षम है और हम अब तक बेहतर प्रदर्शन कर भी रहे हैं. चुनौती इसलिए है कि मैनपावर सहित बारूद एवं अन्य संसाधनों की कमी महसूस की जा रही है. बिजली कंपनियों की मांग को पूरा करने के लिए नई खदानें भी शुरू करने पर विचार जारी है. इस वर्ष विस्तार पर वेकोलि कम से कम 875 करोड़ रुपये खर्च करने जा रही है. इस निवेश से 3-4 माईस शुरू करने में मदद मिलेगी. वेस्टर्न कोल फील्ड लिमिटेड (वेकोलि) के अध्यक्ष तथा प्रबंध निदेशक मनोज कुमार ने 'नवभारत' से चर्चा करते हुए यह बातें कहीं.

60 मिलियन टन उत्पादन करने का रखा लक्ष्य

कुमार ने कहा कि गत वर्ष वेकोलि ने 50.23 मिलियन टन उत्पादन किया था. इस बार 60 मिलियन टन करने का लक्ष्य रखा गया है. इसी प्रकार डिस्पैच में भी अपेक्षाकृत वृद्धि का लक्ष्य रखा गया है ताकि बिजली कंपनियों को पर्याप्त कोयले की आपूर्ति समय पर हो सके. उन्होंने बताया कि गत वर्ष यानी 2020-21 में वेकोलि ने 13,410 करोड़ रुपये का कुल कारोबार किया. कंपनी का कर पूर्व लाभ 352 करोड़ रुपये रहा जो इसके पिछले वर्ष महज 12 करोड़ रुपये था. इससे पता चलता है कि वेकोलि अब रास्ते पर है और विकास तेजी से कर रही है.



उत्पादन-प्रेषण में वेकोलि का नया कीर्तिमान

जुड़ी कई नई बिजली कंपनियां | 50 मिलियन टन उत्पादन 2020-21 में | 60 मिलियन टन उत्पादन का लक्ष्य 2021-22 में

13410 करोड़ का कुल टर्नओवर 2020-21 में ₹ 352 करोड़ का कर पूर्व लाभ 875 करोड़ का होगा निवेश

दिख रहे हैं अच्छे संकेत

कुमार ने बताया कि चालू वित्त वर्ष में जून तक वेकोलि ने 77 फीसदी अधिक उत्पादन किया है. डिस्पैच और ओवर बर्डन क्षेत्र में भी उल्लेखनीय वृद्धि दर्ज की है. यह एक अच्छा संकेत है और कोयले की मांग को दर्शाता है. कोयले की मांग बढ़ने का कारण यह है कि महाजनको अधिक कोयला ले रहा है. महानदी से महाजनको जितना कोयला लेता था उसे बंद कर वेकोलि से ले रहा है. इससे उसका परिवहन खर्च बच रहा है. इसी प्रकार एनटीपीसी ने भी वेकोलि से खरीदी बढ़ाई है और बाहर से कोयला मंगाना कम किया है. इसका लाभ वेकोलि को मिला है.

एडवांटेज लोकेशन

उन्होंने कहा कि वेकोलि में कोयला खदानें गहरी होती जा रही हैं जिससे कोयला निकालना महंगा सौदा होता जा रहा है. लागत ज्यादा आ रही है. अच्छी बात यह है कि वेकोलि का लोकेशन बेहतर है. यहां से कम खर्च में हम दक्षिण, पश्चिम, मध्य भारत के बिजलीघरों को कोयला पहुंचा पाते हैं. इसलिए वेकोलि अपने ग्राहकों को उचित कीमत पर माल उपलब्ध करा पाती है. लोकेशन का एडवांटेज हमें आगे बढ़ने में मदद दे रहा है.

मशीनीकरण का विस्तार

वेकोलि में पुनः एक बार मशीनीकरण तेज करने पर नीति बनाई गई है. कम से कम 8 अन्य माईस में कंटीन्यूअस माइनर लगाने की योजना है. कई कंपनियों से बातचीत चल रही है. 6-7 के लिए कंपनी की पहचान भी हो गई है. इस पर वेकोलि खर्च नहीं करेगी बल्कि आउटसोर्स कर इस प्रक्रिया को पूर्ण किया जाएगा. कंटीन्यूअस माइनर मशीन लगाने से जहां खर्च में कमी आएगी वहीं उत्पादकता बढ़ाने में भी मदद मिलेगी.

नई माईस खोलना प्राथमिकता

कुमार के अनुसार वेकोलि को कुल 7 माईस खोलने की अनुमति मिली है. इनमें से 3 को मंजूरी भी मिल गई है और 4 के लिए प्रयास किया जा रहा है. उम्मीद की जा सकती है कि चालू वित्तीय वर्ष के अंत तक कुछ माईस में उत्पादन शुरू हो जाएगा. इस वक्त वेकोलि के पास 59 खदानें हैं जिनसे कोयला खनन किया जा रहा है.

कैसे मिल रहे हैं इतने बड़े हीरे

■ कैनबरा, एजेंसियां. बोत्सवाना की कारोवे खदान से हाल ही में 1,174 कैरेट का एक विशाल हीरा मिला है जो प्राकृतिक तौर पर अब तक मिले सबसे बड़े हीरों में से एक है. यह विशाल हीरा ऐसे ही कुछ अन्य हीरों के बगल में मिला जो 471, 218 और 159 कैरेट के थे. मूल रूप से यह हीरा जब बना होगा तब हो सकता है यह 2,000 कैरेट से ज्यादा का हो. यह नवीनतम हीरा 1,000 कैरेट से ज्यादा के एक और हीरे के बोत्सवाना की ज्वानेंग खदान से मिलने के कुछ हफ्तों बाद प्राप्त हुआ है. हमें अचानक से बड़े रत्न कैसे प्राप्त हो रहे हैं?



1,174 कैरेट का एक विशाल हीरा मिला कारोवे खदान से



471, 218 और 159 कैरेट के हीरे हीरों के बगल में ही मिले

■ 2,000 कैरेट से ज्यादा का हो जब हीरा बना होगा
■ 2020 में वैश्विक हीरा उत्पादन 11.1 करोड़ कैरेट से थोड़ा ज्यादा था

गुलाबी हीरों की अर्गल खदान बंद

क्या हीरे वास्तव में "दुर्लभ" हैं जैसा कि उनके बारे में कहा जाता है? 2020 में वैश्विक हीरा उत्पादन 11.1 करोड़ कैरेट या करीब 20 टन हीरे से थोड़ा ज्यादा था. हालांकि इस उत्पादन का छोटा हिस्सा ही उच्च गुणवत्ता वाला रत्न होता है. बड़ी संख्या में हीरे छोटे होते हैं और एक कैरेट से कम के होते हैं. अपने गुलाबी हीरों के लिये प्रसिद्ध ऑस्ट्रेलिया की अर्गल खदान ने पिछले साल अपना संचालन बंद कर दिया क्योंकि यह आर्थिक तौर पर वहनीय नहीं था. दूसरी तरफ बड़े रत्न-गुणवत्ता वाले हीरे बेहद दुर्लभ हैं.

प्राकृतिक हीरे कैसे बनते हैं?

प्राकृतिक हीरे अरबों साल पुराने होते हैं. वे जमीन के नीचे बेहद गहराई में बनते हैं जहां तापमान और दबाव इतना अधिक हो कि वे कार्बन परमाणुओं को घनी, क्रिस्टलीय संरचना में तोड़ सकें. कुछ वैज्ञानिकों का सुझाव है कि सैकड़ों किलोमीटर गहराई में व्यापक मात्रा में हीरे हैं. लेकिन अब तक सबसे गहरी खुदाई 12 किलोमीटर तक ही की जा सकी है. हम गहरी जमीन में स्थित इन हीरों को कभी नहीं निकाल पाएंगे. जमीन की सतह के पास के हीरे गहरे स्रोत वाले ज्वालामुखी विस्फोट के माध्यम से आते हैं. अधिकांश हीरे आग्नेय चट्टानों में पाए जाते हैं जिन्हें किबेरलाइट कहा जाता है. अविनाशी होने की अपनी प्रतिष्ठा के बावजूद हीरा एक भंगुर पदार्थ है. नई प्रौद्योगिकी चट्टानों की खनन प्रक्रिया को एक्स-रे प्रक्रिया का इस्तेमाल कर सुगम बना रही है.

पन्ना में था अभी तक देश का सबसे बड़ा हीरा भंडार

भारत में देश का सबसे बड़ा हीरा भंडार अभी तक मध्य प्रदेश के पन्ना जिले में था. यहां जमीन में कुल 22 लाख कैरेट के हीरे हैं. इनमें से 13 लाख कैरेट हीरे निकाले जा चुके हैं. 9 लाख कैरेट हीरे और बाकी है. बंदर डायमंड प्रोजेक्ट के तहत इस स्थान का सर्वे 20 साल पहले शुरू हुआ था. 2 साल पहले प्रदेश सरकार ने इस जंगल की नीलामी की. आदित्य बिड़ला समूह की एस्सेल माइनिंग एंड इंडस्ट्रीज लिमिटेड ने खनन का टेंडर हासिल किया.

छतरपुर में भी दबे हैं

3.42 कैरेट डाइमंड्स

छतरपुर जिले में देश का सबसे बड़ा हीरा भंडार मिलने का दावा किया जा रहा है. यहां के बकस्वाहा जंगल में 3.42 करोड़ कैरेट हीरा दबे होने का अनुमान है. इस हीरा भंडार को निकालने के लिए 382.131 हेक्टेयर जंगल खत्म किया जाएगा. बकस्वाहा के जंगल में पन्ना से 15 गुना ज्यादा हीरे का भंडार होने का अनुमान है. मध्य प्रदेश सरकार ने बकस्वाहा जंगल में हीरा भंडार वाली 62.64 हेक्टेयर जमीन कंपनी को 50 साल के लिए लीज पर दे रही है. वन विभाग ने इस जमीन पर खड़े पेड़ों की गिनती कर ली है, जो 2,15,875 हैं. इनको काटना पड़ेगा. इनमें सागीन, केम, पीपल, तेंदू, जामुन, बहेड़ा, अर्जुन के पेड़ हैं.

Gold regains bullish undertone

Silver dropped back below the support of ₹70,000 making the breakout false

AKHIL NALLAMUTHU

BL Research Bureau

Investors seem to have taken advantage of weak gold prices in June as gold ETFs (Exchange Traded Funds) saw positive flows. As per the latest World Gold Council (WGC) data, globally gold ETFs saw a net inflow of nearly \$200 million in June. Even though the amount is small compared to \$3.4 billion in May, ETFs have seen inflows for second consecutive month, and this is despite the hawkish Fed (US Federal Reserves) outlook which can be a drag on the bullion.

In India, net inflows to gold ETFs in the first half of the year were at ₹3,106.4 crore which is 12 per cent lower compared to ₹3,530.7 crore in the corresponding period of last year according to AMFI (Association of Mutual Funds in India) data. However, the net inflows in June rose by nearly 25 per cent month-on-month to ₹359.7 crore after dropping to a ₹287.9 crore in May. Investors continued to buy even as the price remained subdued and if this trend continues investment demand can provide some cushion to bullion prices.

On the trading front, in dollar terms, gold gained 1.2 per cent whereas silver lost nearly 1.5 per cent to close the week at \$1,808 and at \$26.08 per ounce, respectively. A similar trend was observed in domestic market as gold futures on the Multi Commodity Exchange (MCX) ended the week at ₹47,923 (per 10 grams), up by 1.4 per cent and silver futures on the MCX closed the week at ₹69,297 (per Kg), down by 1.3 per cent.

MCX-Gold (₹47,923)

Gold futures (August expiry) appeared positive last week as the contract broke

out of the range of resistance at ₹47,325 and moved out of the range of ₹46,650 and ₹47,325. This strengthened the case for the bulls and the contract marked an intraweek high of ₹48,290, in line with our expectation. However, it could not move beyond the 50-day moving average (DMA) at around ₹48,170 and corrected a bit to close the week at ₹47,923. The price closing above ₹47,325 and above the 21-DMA - now at ₹47,430, are positive signs.

While the relative strength index (RSI) is hovering in the neutral region, the moving average convergence divergence indicator on the daily chart has turned its trajectory upward. Moreover, the number of outstanding open interest of all active futures contract rose to 15,015 contracts as on Friday compared to 14,806 contracts a week ago.

Given the above factors, one can remain bullish until the contract remains above the price level of ₹47,325. There-

fore, traders can buy gold futures with stop-loss at ₹47,000. On the upside, the nearest hurdles are at ₹48,170 and ₹48,600. A breach of ₹48,600 can intensify the rally towards ₹50,000. From the current levels, the supports can be seen at ₹47,325 and ₹47,000. Subsequent support is at ₹46,330.

MCX-Silver (₹69,297)

The September futures contract of silver, which broke out of key resistance at ₹70,000 in the week before, invalidated the breakout as it declined and closed below ₹70,000 on Friday. That is, the contract reversed after registering a high of ₹70,960 on Tuesday before overturning the trend. The 21-DMA at around ₹70,600 acted as resistance on the back of which sellers gained momentum and pulled down the contract.

The contract has fallen back into the price range of ₹67,700 and ₹70,000 and thus, the next leg of trend will remain

unclear as long as the price remains within this range. But there is a negative bias as the RSI and the MACD, although flat, remain in their respective bearish zones.

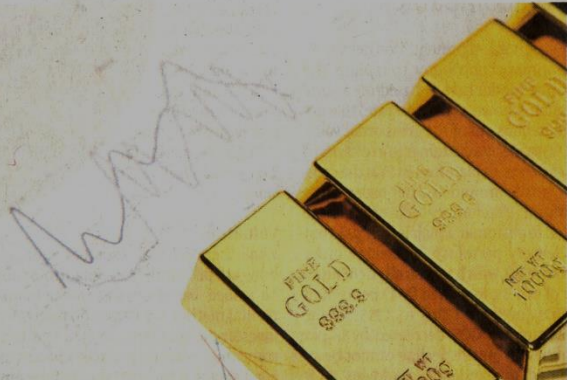
There is also a considerable increase in outstanding open interest (increasing to 11,116 on Friday from 9,689 contract by the end of the preceding week) along with the drop in price, a bearish signal. However, ₹67,700 is a strong base that can prevent bears from gaining traction.

Hence, traders can wait for either of ₹67,700 or ₹70,000 to be breached before taking fresh positions. A decisive breakout of ₹70,000 can lift the contract to 71,500. Above that level, it can touch ₹72,500. On the other hand, if the futures break below ₹67,700, it can drop to ₹65,000.

SGB - Series IV

Series IV of the Sovereign Gold Bond (SGB) will be open to subscription with an issue price of ₹4,807/gram between July 12 and 16 and the same will be issued on July 20. The tenor is eight years and so, investors planning to make long-term investments can consider subscribing. As the risks and costs of storage are eliminated in SGBs when compared to holding gold in physical form, this can be preferred choice for the investors.

Besides, one can also earn 2.5 per cent interest per annum, which will be credited semi-annually. These bonds are issued in the denominations of one gram and retail investors can subscribe up to 4 kgs per year. SGBs can be bought online or in branches of banks and designated post offices. These bonds are tradeable if held in demat form.



ISTOCKPHOTO

AMID A FALL IN STEEL PRICES

NMDC Cuts Iron Ore Prices by ₹200 a tonne

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Mumbai: State-owned largest iron ore producer NMDC has cut iron ore prices by about ₹200 a tonne amid a fall in steel prices and a decline in bids at Odisha Mining Corporation's recent auction.

"The prices have come down a bit, but we don't know if this is structural. It may even go up in the coming days based on market trends," said a person in the know of the matter.

Steel Research and analysis firm, SteelMint reported on Sunday that the NMDC's Baila Fe 65.5% iron ore lump prices have come down by ₹200 a tonne to ₹7,450 a tonne, prices of Baila 64% Fe iron ore lump has come down by ₹200 a tonne to ₹6,360 a tonne.

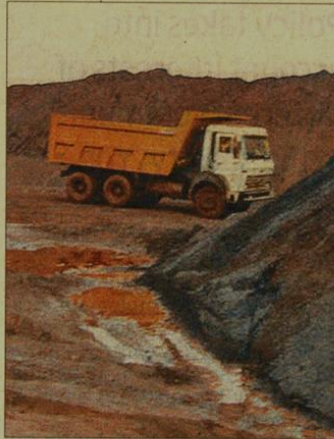
In June, NMDC's lump ore prices (65.5% Fe) were at ₹7,650 a tonne and iron ore fines (64% Fe) at ₹6,560 a tonne.

"We are seeing demand from other steel plants. However, looking at the current monsoon season, we see a downtrend in prices of steel so that would probably again affect our pricing," Sumit Deb, NMDC's chief managing director said during an interaction with the analysts after the company's Q4 results.

He added that in the long term, the company believes that prices will be strong and will remain stable.

"The production in Odisha has also gone up but I believe there is a substantial uptick in the demand also because most of the steel plants have ramped up capacities to 80%, 90% so the demand still exists," Deb said.

This comes at a time when India's top steelmakers last week announced a price cut, after almost a year of back-to-back price hikes. Bench-



mark hot-rolled coil (HRC) prices were down by around ₹1,500 to ₹2,000 a tonne for July.

Domestic HRC prices are now at record high of around ₹68,500 a tonne as against ₹70,000-69,000 a tonne. Steelmakers said that the reason for the steel price hike is due to high input prices. For example, the price of 62% Fe iron ore fines increased a whopping 344% to around ₹7,000 last month from ₹1,575 in May 2020.

"What will now be needed is that domestic iron ore suppliers (including NMDC) should also follow reduction given by the J-steel for the domestic market and steel-maker Arcelor," said Vippon Steel India's chief marketing officer, Ranjan Dhar.

Bids at OMC's auction dropped by ₹1,100-1,950 per tonne compared to bids received in the May auction.

"There is a sharp decline in bids at OMC's recent auction that have resulted in the price correction. Bids at OMC's auction dropped by ₹1,100-1,950/t compared to bids received in the company's May auction," said SteelMint in its research report.

BUSINESS LINE

DATE : 13/7/2021 P.N.7

NMDC cuts prices of lump ore, fines

NEW DELHI, July 12 (PTI)

STATE-OWNED NMDC on Monday said it has reduced the prices of lump ore and fines by Rs 200 per tonne each. Iron ore is the key raw material for steel making.

Any change in its prices has a direct impact on the rates of steel. After the price revision, a tonne of lump ore or high grade iron will cost Rs 7,450 a tonne while the buyers will get iron ore fines or inferior grade ore for Rs 6,360 per tonne, NMDC said in a BSE filing.

The revised prices exclude royalty, District Mineral Fund (DMF), National Mineral Exploration Trust (DMET), cess, forest permit fee, and other taxes, the company said. It added that the new rates are effective from July 10, 2021. On June 6, 2021, NMDC had fixed the rates for lump ore at Rs 7,650 a tonne and for fines at Rs 6,560 a tonne. NMDC, under the Ministry of Steel, is India's single largest iron ore producer, presently producing about 35 MT iron ore annually from its three fully mechanized mines located in Chhattisgarh and Karnataka.

Buy aluminium futures on MCX if they top ₹200

YOGANAND D

BL Research Bureau

The continuous contract of aluminium on the Multi Commodity Exchange of India (MCX) found support at ₹130 in May 2020 and started to trend upwards. Since then, the contract has been in a long-term uptrend.

Following a sideways consolidation above the key support level of ₹160, the contract resumed the uptrend in early February this year and it has been in a medium-term uptrend since then. At around ₹200, the contract met with a significant resistance in early May this year and has been in a sideways consolidation phase in the wide band between ₹185 and ₹200.

Last week, the upper boundary limited the rally in the contract and it is now trading at around ₹197.5. A strong break above the key resistance at ₹200 will strengthen the uptrend and take the contract northwards to ₹210 and then to ₹220 levels over the short-term. Failure to move beyond ₹200 can pull the contract down to ₹190 levels initially.

Therefore, traders can wait and buy aluminium futures above ₹200 levels with stop-loss at ₹190. Targets are ₹210 and ₹220. On the downside, if the contract falls below ₹185, selling pressure will intensify and pull the contract down to ₹175 and ₹170 levels.

THE ECONOMIC TIMES DATE : 14/7/2021 P.N.7

Adani Group Ropes in Former Vedanta Exec for Copper Foray

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NEW PLANS



Adani Enterprises announced in March that it has incorporated a new company called Kutch Copper Limited to manufacture copper cathodes and rods, among other products

Mumbai: Gautam Adani-led Adani Enterprises has roped in former Vedanta executive Satish Kumar K to spearhead the group's foray into copper business.

Adani Enterprises, the incubation platform for new businesses of the group, announced in March that it has incorporated a new company called Kutch Copper Limited, to manufacture copper cathodes and rods among other products.

Prior to this, Kumar was vice president of Vedanta Zinc International. He headed projects at Vedanta Zinc International's Gamsberg project in South Africa.

Adani Group did not respond to a query from ET. On a professional network site Kumar announced that after working outside India for almost 17 years, he will now relocate to Ahmedabad to take up this new assignment. "This will be a great opportunity to lead the upcoming copper business at Kutch Copper Ltd (Mundra Copper) with the primary aim of fulfilling our nation's call of Atma Nirbhar Bharat," he said in the post. In the last few years, the Adani Group has been diversifying into new businesses and moving away from the cyclical commodities business. The gro-

up's decision to enter the copper business is a deviation from this strategy, aimed to tap the growing demand for refined copper globally and the demand-supply mismatch in India.

India was an exporter of refined copper till a few years ago but the closure of Vedanta's Tuticorin plant disrupted local availability. India's imports of refined copper more than tripled from 44,245 tonnes to 1.52 lakh tonne in FY18-FY20, while exports slid 90% from 3.8 lakh tonne to 39,959 tonnes. Analysts believe that the commodity is in a super cycle and may continue to increase in demand in the post-Covid world.

Gold mine output may rise 5.7% this year

Fitch Solutions sees average annual production growth at 3.2% till 2030

SUBRAMANI RA MANCOMBU

Chennai, July 13

Gold mine production across the world will likely increase by 5.7 per cent this year, with less disruption expected from the Covid pandemic compared with last year.

According to Fitch Solutions Country Risk and Industrial Research (FSCRIR), the growth will be the fastest this year after it dropped two per cent in 2019 and 0.5 per cent last year.

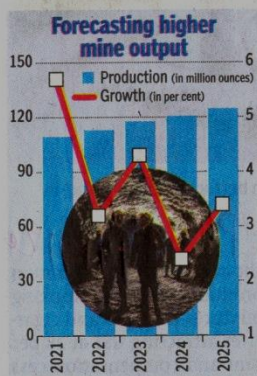
Leading up to 2025, global gold mine production will remain strong with FSCRIR projecting growth at 3.2 per cent next year, 4.3 per cent in 2023, 2.4 per cent in 2024 and 3.4 per cent in 2025.

"We forecast global gold production to increase from 109.4 million ounces (moz) this year to 141.7 moz by 2030, averaging 3.2 per cent annual growth. This would be an acceleration from the average growth of 0.8 per cent over 2016-20," the research body said in a note.

Sour note

But a sour note would be China's gold production stagnating over the next decade after surging in the last 10 years. "Declining ore grades will limit domestic investment and encourage Chinese firms to develop overseas projects," Fitch Solutions said.

This year, gold production is



Source: Fitch Solutions Country Risk and Industrial Research forecast

expected to increase by a meagre 0.2 per cent before stagnating for the rest of the decade. FSCRIR said Chinese production also faced challenges due to environmental regulations and closure of small mines.

China adopted new rules in the last few years to raise environmental requirements on solid waste from gold prospecting, resulting in the closure of a slew of gold mines and a drop in production in provinces such as Shandong, Jiangxi and Hunan.

Among other countries, Australia will witness a modest growth in mine production over the coming years as it has a strong project pipeline. Rising gold prices and competitive operating costs will help the growth, Fitch Solutions said.

Over the next nine years, Australia's gold production will increase to 13.1 moz, from the 10.8 moz projected for this year. In particular, OZ Minerals's second phase of development at the Carrapateena copper-gold project would yield 67 kilo

ounces (koz) of gold annually during its estimated life of 20 years

Russia's move

Russian gold production is likely to accelerate 3.8 per cent annually up to 2030, with production set to top 14 moz from the current 9.9 moz. Helping the output growth will be the precautions that Moscow will take against a possible sanction on its bank by Western countries. Banks are likely to increase their gold reserves, FSCRIR said.

A health project pipeline will also aid the trend, it said, adding that expanding US sanctions on Moscow will support Russian gold production in the short term. Fitch Solutions expects domestic demand there to continue as long as tensions with the US remain.

This will also improve the mining company's balance sheet and return ratios, which could in turn help in re-rating of the stock

Steel Plant Demerger to Help NMDC Unlock Value of Asset

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Mumbai: NMDC's steel plant demerger will unlock value of the asset, which the street is currently not ascribing to the company's overall valuation. The company has already spent a capital of almost ₹19,000 crore, which is expected to touch ₹22,000 crore by the time the plant commences. This equals 45% of the company's current market capitalisation of ₹50,200 crore.

Market trackers are viewing this as a step towards divestment of the steel plant as announced by the government earlier. However, the uncertainty over its commissioning and divestment may not lead to the entire value realisation of the steel plant immediately. In case of divestments, analysts expect good demand for the 3-million-tonne steel plant asset given the vicinity of the iron ore mines and strong outlook of the Indian steel industry. Also, India is incrementally looked upon as a cheap steel producer.

With no earnings visibility for the plant as of yet, analysts are assigning a percentage of replacement cost for the plant. A 50% replacement cost value attribution could add up to 20% to the current market capitalisation or ₹22 per share.

As per the proposed demerger, the Nagarnar steel plant will be hived off

Heavy Investment

High CWIP for Steel Plant (₹ cr)



CWIP: capital work in progress

GOOD DEMAND LIKELY

In case of divestment, analysts expect good demand for the plant given the vicinity of iron ore mines

into a separate listed entity called NMDC Steel. The demerger will be done in a manner that would mirror the shareholding pattern of NMDC in NMDC Steel.

Moreover, this will also improve the balance sheet and return ratios of NMDC, which could help in re-

rating of the stock of the mining company. In FY21, the largest iron ore producer reported revenue of ₹15,370 crore, a 31.4% growth and a net profit of ₹6,277 crore, a 71% growth. Operating profit margin expanded by 600 basis points to 57%. Return on capital was at 27%.

Despite such high growth and profitability, the stock is trading at 8 times FY21 earnings and only 5 times EV by Ebitda, as a significant chunk of profit generated was going into steel plant capex.

Dividend payout too could go up post demerger. In FY21, the company gave a dividend of ₹7.8 per share, implying a dividend yield of 4.5%. This too makes the stock attractive.

Coking coal pact with Russia cleared

Continuation of ₹9,000-cr judiciary infra development scheme too gets nod

OUR BUREAU

New Delhi, July 14

The Union Cabinet on Wednesday gave its approval for a memorandum of understanding between India and Russia on furthering cooperation on coking coal, which is used for steel making.

It also approved the continuation of a Centrally Sponsored Scheme (CSS) for development of infrastructure facilities for the judiciary for further five years from April 1, 2021 to March 31, 2026 at a total cost of ₹9,000 crore, out of which Central share will be ₹5,357 crore, including ₹50 crore for the Gram Nyayalayas Scheme and their implementation in a Mission Mode through National Mission for Justice Delivery and Legal Reforms.

AYUSH Mission

The Cabinet has also approved the continuation of National AYUSH Mission (NAM) as a Centrally Sponsored Scheme from April 1, 2021 to March 31, 2026, with financial implication of ₹4,607.30 crore



The MoU with Russia is expected to benefit the entire steel sector by reducing the input cost

(₹3,000 crore as Central share and ₹1,607.30 crore as State share). The Mission was launched on September 15, 2014.

Meanwhile, the Cabinet also gave its approval for changing the nomenclature and mandate of North Eastern Institute of Folk Medicine (NEIFM) as North Eastern Institute of Ayurveda & Folk Medicine Research (NEIAFMR).

Approval was also given by the Union Cabinet for an MoU between the Health Ministry and the Ministry of Health of the Kingdom of Denmark on cooperation in the field of health and medicine.

The Union Cabinet also approved the Eleventh Extension of the term of the Commission constituted under Article 340 of the Constitution to examine the issue of Sub-categorisation within Other Backward Classes (OBCs) in the Central

List by 6 months beyond July 31, 2021 and up to January 31, 2022.

The memorandum of understanding between the Ministry of Steel and the Ministry of Energy of the Russian Federation on cooperation regarding coking coal is expected to benefit the entire steel sector by reducing the input cost, an official release said.

This may lead to reduction in cost of steel in India and promote equity and inclusiveness.

The MoU will provide an institutional mechanism for co-operation in the coking coal sector between India and Russia, it added.

Infra for judiciary

The proposal on continuation of CSS for the development of infrastructure for judiciary will help in construction of 3,800 court halls and 4,000 residential units (both new and ongoing projects) for judicial officers of District and Subordinate Courts, 1,450 lawyer halls, 1,450 toilets complexes and 3,800 digital computer rooms.

This will help in improving the functioning and performance of the judiciary in the country and will be a new step towards building better courts for a new India, the release added.

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