खनिज समाचार

KHANIJ SAMACHAR

Vol. 2, No-21

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खनिज समाचार

KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 2, NO-21, 1ST –15TH NOVEMBER, 2018

BUSINESS LINE DATE : 5 /11/2018 P.N.9

GLOBAL

Metals ($/tonne)	Price	Change in % Weekly	Change in % Monthly	Change in % Yearly	52-Week High	52-Week Low
Aluminium	1961	-1.1	-6.7	-9.0	2603	1946
Copper	6319	1.8	0.5	-8.4	7324	5820
Iron Ore	73	0.2	11.2	22.5	77	58
Lead	1968	-0.9	-3.6	-19.2	2683	1867
Zinc	2601	-3.8	-3.1	-21.1	3619	2285
Tin	19110	-1.2	0.9	-3.4	22104	18662
Nickel	11861	0.2	-4.5	-5.6	15749	10790

BUSINESS LINE DATE : 12 /11/2018 P.N.11

GLOBAL

Metals ($/tonne)	Price	Change in % Weekly	Change in % Monthly	Change in % Yearly	52-Week High	52-Week Low
Aluminium	1946	-0.7	-5.0	-6.3	2603	1946
Copper	6079	-3.8	-3.5	-10.3	7324	5820
Iron Ore	74	-1.2	12.0	20.1	77	58
Lead	1957	-0.6	2.5	-22.1	2683	1867
Zinc	2586	-0.6	-4.9	-19.9	3619	2285
Tin	19189	0.4	1.1	-1.7	22104	18662
Nickel	11397	-3.9	-11.9	-6.9	15749	10790

West Bengal urges companies to step up investments in mineral exploration

State keen to make most of Deocha Pachami coal block

OUR BUREAU

Kolkata, October 31

West Bengal Finance Minister Amit Mitra on Wednesday urged public and private sector companies to step up investments in mineral exploration in order to raise mining output.

While India's mining sector is growing at 7.3 per cent, the expenditure on exploration is as low as 0.3 per cent of the total global spends in the category. "Both public and private sector companies should seriously consider investing in exploration" he said.

Mitra was speaking at the inaugural of The Indian Mining and Machinery Exhibition, organised by CII.

The Minister said the West Bengal government will approach the Centre for merchant mining licence for the prolific Deocha Pachami block. The block, which is now allotted for captive use to West Bengal Power Development Corporation Ltd, a state-owned energy generation company, is estimated to have huge reserves in excess of captive needs.

"Once we are in possession of the coal block and exploration by the West Bengal Power Development Corporation starts, we will look at the prospect of opening it up for merchant mining. We will write to the Centre in this regard, but its all for the future," he told reporters.

Australia Deputy High Commissioner to India, Rod Hilton, expressed his country's willingness to work more closely with the West Bengal Government on exploration.

According to Coal India CMD, Anil Kumar Jha, sustainable mining is the need of the hour. While total coal reserves in the country is over 300 billion tonnes and would last for 100 years, but there is a pressing need to extract minerals with due adherence to environmental norms.

"Despite increased output, demand for coal is mounting as new power production capacities are coming up. Moreover, there is a need to adopt new technologies," he said.

Amit Mitra, West Bengal Finance Minister, and AK Jha, Chairman, Coal India, at a mining exhibition in Kolkata DEBASISH BHADURI

Local manufacturing

DK Hota, CMD, BEML, called for strengthening local manufacturing to give a boost to the 'Make in India' programme and suggested that forging partnerships with technology-providing firms could be a way forward in the coming days.

Germany's Consul General to Kolkata, Michael Feiner, spoke on the strategic partnership between India and Germany on mining technology.

BUSINESS LINE DATE : 1 /11/2018 P.N.4

Tata Hitachi mulls local production of 87-tonne mining excavators

Company plans to enter pre-owned equipment market

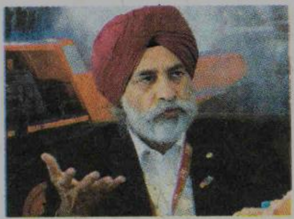
OUR BUREAU

Kolkata, October 31

The ₹3,800-crore mining and construction equipment maker Tata Hitachi mulls production of 87-tonne mining excavators in India. Currently, the company imports such machines to meet domestic demand.

According to Sandeep Singh, Managing Director, the company is conducting a feasibility study for manufacturing the equipment at its Kharagpur (West Bengal) facility. However, it could be "few years" before production starts here.

"We are assessing the consumer demand and feasibility of local manufacturing of these 87 tonne excavators at the Kharagpur unit. We were making 47, 65-tonne and



Sandeep Singh, MD, Tata Hitachi DEBASISH BHADURI

120-tonne machines already. But we feel there is a need for a unit with a capacity in between the two," he told reporters at a press meet on the sidelines of The Indian Mining and Machinery Exhibition (IMME) 2018, organised by the CII.

Tata Hitachi is 60:40 joint venture between Hitachi Construction Machinery of Japan and Tata Motors.

The mining segment accounts for 11 per cent of the company's annual revenue, which is projected to touch ₹4,500 core this fiscal. The roads, railways and irrigation segment accounts for the major chunk of its turnover.

The mining gear market is pegged at ₹8,000 crore, growing at 10 per cent per annum. Procurement by state-owned Coal India accounts for 50 per cent of the demand.

Re-manufacturing

The company also plans to enter the pre-owned equipment market. A part of its Kharagpur plant will be used in "re-manufacturing" old equipment. The refurbished equipments will be 30-40 per cent cheaper than new ones

According to Singh, the sale of new construction equipment is a low margin business and after-sales service and maintenance are what actually drive numbers. Apart from Kharagpur, Tata Hitachi has a second manufacturing facility at Dharwad (in Karnataka).

THE HINDU

DATE : 1 /11/2018 P.N.13

Vedanta Q2 net profit slumps 47.7%

SPECIAL CORRESPONDENT

MUMBAI

Vedanta reported a 47.7% drop in its second quarter net profit to ₹1,135 crore primarily due to lower other income and increase in finance costs.

The company, however, posted a 5.5% growth in revenue to ₹22,705 crore on account of higher volumes of aluminium and the acquisition of Electrosteel.

Higher commodity prices were partially offset by, lower volumes at Zinc India, Zinc International and closure of Tuticorin smelter, said the company.

Srinivasan Venkatakrishnan, CEO, said: "I am pleased with the growth in volume this quarter. The company is uniquely poised to grow in commodities that have rising demand, especially in India with an enviable growth pipeline, which is systematically being brought to fruition. I see a strong second half in both volumes and profitability across the businesses."

Finance cost stood at ₹1,571 crore, an increase of ₹144 crore, due to higher borrowings on account Electrosteel acquisition.

THE HITAVADA DATE : 2/11/2018 P.N.9

India's gold demand up 10% in Sept qtr; festive outlook muted

MUMBAI, Nov 1 (PTI)

INDIA'S gold demand during the September quarter registered a 10 per cent rise to 183.2 tonnes from a year earlier, as prices fell significantly resulting in bargain buying, the World Gold Council (WGC) said in a report on Thursday. Going forward, however, the seasonal spike in gold demand could be moderate this Dhanteras-Diwali, owing to factors like a lack of liquidity and rising prices.

According to WGC's 'Q3 Gold Demand Trends' report, in value terms, the country's September quarter gold demand went up by 14 per cent to Rs 50,090 crore, compared to Rs 43,800 crore.

"A dip in the gold price in the early part of the quarter to around Rs 29,000 per 10 grams (with taxes) – its lowest level since January 2018 - spurred demand," WGC Managing Director, India, Somasundaram PR told PTI here.

The rupee's depreciation however, impacted the local price which surged sharply to around Rs 32,000-33,000 per 10 grams (without taxes) and demand eased towards the later half of the quarter. "A combination of factors such as lack of buying occasions, disruption caused due to floods in a key gold market (Kerala) and an intervening inauspicious period affected demand," he added.

The last quarter of the year (October-December) is normally a vibrant period for gold related purchases as demand rises amid festivals and wedding season. However, the seasonal spike in demand could be moderate this year due to factors like a "lack of liquidity, rising Indian prices and impending elections in some key states impacting trade logistics," Somasundaram said.

He further added that "we estimate full year Indian gold demand to be at the lower end of 700-800 tonnes range".

The report noted that the total jewellery demand for the September quarter of this year was up by 10 per cent at 148.8 tonnes as compared to 134.8 tonnes in same period last year.

In value terms jewellery demand saw 14 per cent growth at Rs 40,690 crore in the third quarter this year from Rs 35,610 crore in the corresponding quarter of 2017.

The report further noted that after minor purchases over recent months, the Reserve Bank of India ramped up its buying in the September quarter, increasing reserves by a further 13.7 tonne. "This brings year-to-date purchases to 21.8 tonne," it said.

Meanwhile, total investment demand was up by 11 per cent at 34.4 tonne in comparison to 31 tonne in Q3 2017. In value terms, investment demand was up by 15 per cent at Rs 9,400 crore from Rs 8,200 crore in Q3 2017.

Total gold recycled in the country declined by 13.85 per cent to 23 tonne, compared to 26.7 tonne in the same quarter of 2017, according to the report.

Talking about imports, he said, it increased by 55 per cent mainly due to the low price during the initial part of the quarter and the threat of duty increase on gold to 269 tonne compared to 173 tonnes in Q3 of 2017.

Global demand stays steady: WGC

GLOBAL gold demand rose marginally by just one per cent during the third quarter of this year to 964 tonnes mainly on account of large outflows in gold-backed exchange-traded funds (ETFs), the World Gold Council (WGC) said in a report on Thursday.

The overall demand in the third quarter of 2017 stood at 958 tonnes, according to WGC's 'Q3 Gold Demand Trends' report.

Electronically traded fund (ETF) outflows reached 103 tonne in the third quarter of this year, the first outflow since the fourth quarter of 2016, it said. North America accounted for 73 per cent of the outflow, fuelled by 'risk-on sentiment' (when investors give up safety for returns) amid a strong dollar and price-driven momentum. However, bar and coins saw a growth of 28 per cent at 298.1 tonne against in the September quarter this year from 233 tonne in the year-ago period as investors took advantage of the price dip. The report further noted that stock market volatility and currency weakness boosted demand in many emerging markets as well as in China, the world's largest bar and coin market, as it witnessed 25 per cent growth at 86 tonne from last year.

Iranian demand hit a five-and-a-half year high at 21 tonne, the report added. Similarly, jewellery demand also saw six per cent growth to 535.7 tonne compared to 505.8 tonne in the same period last year. Lower gold prices during July and August encouraged bargain hunting among price-sensitive consumers.

Jewellery demand witnessed 10 per cent growth in India and China. However, in the Middle East it declined by 12 per cent due to geopolitical stress. While in Iran, jewellery demand saw the largest fall for the second consecutive quarter, following renewed economic sanctions and the steep decline in the rial, in Turkey the demand was low owing to high prices and political as well as economic uncertainty.

THE TELEGRAPH DATE : 2 /11/2018 P.N.8

Gold demand to dip

OUR BUREAU

Calcutta: The World Gold Council anticipates lower demand during the Dhanteras-Diwali period as a combination of factors such as rising prices, lack of liquidity and impeding elections in key states.

Total demand in the July-September quarter rose to 183.2 tonnes from 165.8 tonnes in the year-ago period. While jewellery demand at 148.8 tonnes grew 10 per cent, investment demand at 34.4 tonnes grew 11 per cent during the quarter. In value terms, gold demand went up 14 per cent to Rs 50,090 crore from Rs 43,800 crore a year ago.

"A dip in the gold price in the early part of the quarter — its lowest level since January 2018 — spurred demand. However, the rupee's depreciation impacted the local price and demand eased towards the later half of the quarter," said Somanundaram PR, managing director, India, World Gold Council.

LESS SHINE

Gold demand in Q3

in tonnes	2017	2018
Jewellery	134.8	148.8
Investment	31	34.4
Total	165.8	183.2

According to the council, a combination of factors such as lack of buying occasions, disruption caused by the floods in a key gold market (Kerala) and an intervening inauspicious period affected demand.

"The last quarter of the year (October-December) is normally a vibrant period for gold related purchases as demand rises in the festival and wedding season. However, the seasonal spike in demand could be moderate this year because of factors such as a lack of liquidity, rising Indian prices and impending elections in some key states impacting trade logistics," Somasundaram said.

The council estimates Indian gold demand to be at the lower end of 700-800 tonnes in the whole of 2018. A quarterly report noted that after minor purchases over recent months, the RBI ramped up its buying in the September quarter, increasing reserves by 13.7 tonnes. "This brings year-to-date purchases to 21.8 tonnes," it said.

Total gold recycled in the country declined 13.85 per cent to 23 tonnes compared with 26.7 tonnes in the same quarter of 2017.

Global gold demand rose by just 1 per cent during the third quarter to 964 tonnes on account of large outflows in gold-backed exchange-traded funds, the WGC said on Thursday. Overall demand a year ago stood at 958 tonnes, according to WGC's Q3 Gold Demand Trends report.

BUSINESS LINE DATE : 2 /11/2018 P.N.7

Recyclers decry Vedanta demand for import duty hike on aluminium scrap

Say Anil Agarwal firm too depends on import of alumina

SURESH P IYENGAR

Mumbai, November 1

Billionaire Anil Agarwal-owned Vedanta, which has been advocating a hike in customs duty on aluminium scrap, imported 12.69 lakh tonnes (lt) of alumina, a raw material for making the metal, between April and August.

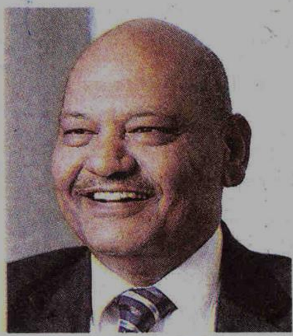
If that happens, it could hit SME players. Over 3,000 small and medium enterprises have imported 5.41 lt of aluminium scrap.

Vedanta, along with two other primary aluminium producers Hindalco Industries and Nalco, has moved the government to hike the import duty on aluminium scrap to 10 per cent from 2.5 per cent.

Agarwal recently went on record demanding the hike maintaining that India was becoming a dumping ground amid the ongoing tariff war between the US and China.

Kishore Rajpurohit, Director, Metal Recyling Association of India, told *BusinessLine* that while Vedanta has been campaigning to scrap imports to tackle the current account deficit (CAD) and protect its margins, it was dependent on imports to keep its factory running.

Even though Vedanta may claim it is not contributing to the CAD as it exports a major portion of its aluminium output, he said it is actually exporting electricity, and not the metal, as power accounts for 35 per cent of the conversion cost from alumina to aluminium.



Vedanta Chairman Anil Agarwal

"When the Government is struggling to supply uninterrupted electricity to every village, we have a company exporting that precious resource by trampling SMEs," he added.

Vedanta did not respond to a detailed questionnaire sent by *BusinessLine*.

Globally, countries promote metal recycling as it is the most efficient method while India is moving the other way, said Rajpurohit.

Denying virgin aluminium manufacturers' claim that substandard scrap is being imported, Sanjay Mehta, President, MRAI, said the shipments adhere to global standards set by the Institute of Scrap Recycling Industries.

The recyclers are not in competition with primary producers as the aluminium alloy ingots and aluminium deox produced from scrap are used by automobile and steel companies. The average primary aluminium prices on the LME was about $2,100 a tonne last month, while aluminium alloy sold at $1,400, he pointed out, and said that this shows that neither type of aluminium producers is in direct competition.

BUSINESS LINE DATE : 2 /11/2018 P.N.4

Gold regains lustre as demand slide halts

Consumers bought ₹50,090 crore worth of the yellow metal in the third quarter

SPECIAL CORRESPONDENT
MUMBAI

India's gold demand was up 10% at 183.2 tonnes in the third quarter of 2018 compared to the corresponding quarter of 2017 as a dip in the price in the early part of the quarter – the lowest level since January 2018 – spurred demand, according to a report by the World Gold Council (WGC).

Further, while the jewellery demand was up 10%, the investment demand for coins and bars increased by 11% compared to the third quarter of last year.

The July to September period saw jewellery demand pegged at 148.8 tonnes while coins and bars saw a collective demand of 34.4 tonnes.

Glittering times

WGC expects total gold demand for 2018 to be at the lower end of 700-800 tonne range

Category	Q3-2017*	Q3-2018*	% growth
Jewellery	134.8	148.8	10
Investment	31	34.4	11
Total	165.8	183.2	10

*Gold demand in tonnes

Source: WGC

Incidentally, the growth in demand needs to be seen in the context of a low base following the introduction of Goods and Services Tax (GST) in the third quarter of 2017.

Further, the rise has been after two consecutive quarters of decline.

In value terms, the third quarter saw gold worth ₹50,090 crore being bought by Indian consumers, with jewellery and investment segments accounting for ₹40,690 crore and ₹9,400 crore, respectively.

Demand hit

According to Somasundaram P.R., managing director, India, World Gold Council, while a dip in the gold price in the early part of the quarter lifted demand, factors such as rupee depreciation and floods in Kerala affected the demand negatively.

"A combination of factors such as lack of buying occasions, disruption caused due to floods in a key gold market and an intervening inauspicious period affected demand," Mr. Somasundaram added.

The World Gold Council expects the total gold demand for 2018 to be at the lower end of 700-800 tonnes range due to factors like lack of liquidity, rising prices and impending elections in some key states that could impact trade logistics.

THE INDIAN EXPRESS DATE : 2/11/2018 P.N.14

'Indian gold demand rises 10% in Sept qtr'

PRESS TRUST OF INDIA
MUMBAI, NOVEMBER 1

INDIAN GOLD demand during the September quarter registered a 10 per cent rise to 183.2 tonne from a year earlier, as prices fell significantly resulting in bargain buying, the World Gold Council (WGC) said in a report on Thursday.

However, the seasonal spike in gold demand could be moderate this Dhanteras-Diwali, owing to factors like a lack of liquidity and rising prices. According to WGC's 'Q3 Gold Demand Trends' report, in value terms, September quarter gold demand went up by 14 per cent to Rs 50,090 crore, compared to Rs 43,800 crore.

"A dip in the gold price in the early part of the quarter to around Rs 29,000 per 10 grams (with taxes) — its lowest level since January 2018 — spurred demand," WGC managing director, India, Somasundaram PR said here. The rupee's depreciation however, impacted the local price which surged sharply to around Rs 32,000-33,000 per 10 grams (without taxes) and demand eased towards the later half of the quarter. "A combination of factors such as lack of buying occasions, disruption caused due to floods in a key gold market (Kerala) and an intervening inauspicious period affected demand," he added.

"A dip in the gold price in the early part of the quarter to around Rs 29,000 per 10 grams (with taxes) spurred demand"

SOMASUNDARAM PR,
WGC MANAGING DIRECTOR

THE ECONOMIC TIME DATE : 3/11/2018 P.N.5

Hindalco Beats Street Estimates to Report 54% Jump in Q2 Net Profit

Net sales at ₹10,833 cr increase 5%, while revenue from aluminium biz rises 18% to ₹6,135 cr

Our Bureau

Mumbai: Aluminium and copper major Hindalco beat Street estimates for the second quarter, posting a 54% increase in net profit on the back of higher operational performance and lower finance costs.

Hindalco and Utkal Alumina together posted a profit of ₹725 crore. Analysts at Bloomberg had estimated net profit to be about ₹628 crore while the Street consensus was ₹594 crore. High LME prices in the second quarter from the year-ago period aided profits.

Net sales at ₹10,833 crore increased 5%, beating estimates by a small margin.

EBITDA stood at ₹1,922 crore for the company. Like rival Vedanta, Hindalco too profited from the rupee depreciation, with the unit falling to 70 per dollar in comparison with 64 a dollar last year. A large part of the costs are rupee dominated while the operational revenue is governed by the London Metal Exchange, which is dollar dominated.

Revenue from the aluminium business increased 18% at ₹6,135 crore while copper revenue decreased 8% to ₹4,710 crore.

Hindalco also prepaid ₹1,575 crore of long term loans in October and the next prepayment will be planned in the last quarter, said Satish Pai, managing director at Hindalco. The company's net debt to EBITDA ratio now stands at 2.47x, down from 2.67x at the end of March, 2018.

On the outlook for the second half, Pai said that demand for both aluminium and copper in the second half is expected to be strong riding on affordable housing, packaging etc. However, rising imports continue to be a threat. "India's aluminium demand has grown by 13% between April and September but domestic producers' sales have grown only by 2% due to the surge in imports," said Pai.

Scrap from the US has more than doubled in the first half of the current fiscal after China imposed a 25% tariff against US imports.

NOVELIS PERFORMANCE

Novelis reported the highest ever Ebitda of $355 million while net income increased by 56% at $122 million. The company release said Novelis has secured financing for acquiring Aleris by entering into commitment letters with a group of banks to provide up to $775 million of an incremental term loan with a five-year maturity, and up to a $1.5 billion short term bridge loan with a one year maturity, said Hindalco. The company expects to replace the bridge loan with permanent financing soon after closing, depending on market conditions.

"The acquisition of Aleris is expected to close around April. However, a joint integration team is doing the groundwork for the integration of the two companies after the acquisition," Pai said.

THE HITAVADA DATE : 3/11/2018 P.N.9

Coal India output rises 10 per cent in Apr-Oct

NEW DELHI, Nov 2(PTI)

STATE-OWNED CIL on Friday said it produced 306.24 million tonne (MT) of coal in the first seven months of the ongoing fiscal, registering an increase of 10 per cent as compared to the year-ago period.

In the April-October period of 2017-18, the company's coal production was 278.03 MT, Coal India Ltd (CIL) said in a statement. "The 'Maharatna' coal miner has been maintaining a consistent double-digit production growth since the beginning of the financial year," it said.

CIL supplied 22.2 MT more coal to the power sector during the period under review as compared to the corresponding year-ago seven months, it added.

Rake loading to power sector grew 8.2 per cent during April-October 2018.

"CIL as whole loaded 202.8 rakes/day on an average to power stations during April-October 2018 against 187.5 rakes/day for similar period last year, the increase in absolute terms being 15.3 rakes per day," it said. The company as whole liquidated 34.57 MT of its pit-head stock during the first seven months, as the stock pile stood at around 21 MT by October-end.

"CIL began 2018-19 with 55.55 MT of coal stock," it said. Overall offtake during the reported period was 340.81 MT, clocking 7.4 per cent growth as compared to 317.28 MT in the year-ago seven months, it said.

"Our production and offtake is now over 17.5 lakh tonne per day and we aim to take it up further in November to swell up the coal stocks at power plants," a company official was quoted as saying in the statement.

THE HITAVADA DATE : 3/11/2018 P.N.9

Hindalco Q2 profit drops 21% to Rs 309 crore

NEW DELHI, Nov 2 (PTI)

ADITYA Birla Group company Hindalco Industries on Friday posted 21.4 per cent decline in standalone profit to Rs 308.6 crore for the quarter ended September 2018. The company had posted a profit of Rs 392.8 crore in the year-ago period, Hindalco Industries said in a filing to the BSE.

However, total income during the quarter increased to Rs 11,034.3 crore, over Rs 10,500.6 crore in the year-ago period, it said. "The company delivered yet another strong quarterly results, despite the challenging business environment, rising input costs and surge in imports," Hindalco said in a statement.

"The company continues its focus on strengthening its balance sheet, resource securitisation and its strategy to grow in the downstream businesses to deliver long-term shareholder value," the company added. Novelis, it said, will continue to play a crucial role in supporting the next generation of automotive innovation and design, as the market demand for lighter and more fuel-efficient vehicles grows.

The applications for acquisition of the US-based aluminium producer Aleris filed with the concerned authorities were at various stages of approval, it added.

"We expect the transaction to close in about 9-15 months from the date of the announcement of the transaction. Novelis has secured firm commitments from banks for financing the Aleris acquisition," it said.

BUSINESS LINE DATE : 3 /11/2018 P.N.5

Hindalco profit rises 54% to ₹725 cr on better realisation

OUR BUREAU

Mumbai, November 2

Hindalco Industries, an Aditya Birla Group company, has reported a 54 per cent increase in its consolidated (including Utkal Alumina) Q2 FY19 net profit at ₹725 crore, on the back of lower base and better realisation. In Q2 FY18, its profit had been ₹470 crore.

Revenue was up 5 per cent at ₹10,833 crore (₹10,313 crore) as EBITDA increased by a similar percentage point to ₹1,922 crore (₹1,825 crore).

The company repaid ₹1,575 crore of debt in October to deleverage the balance-sheet ahead of the acquisition of US-based Aleris for $2.58 billion. The deal is expected to be completed by next May.

Hindalco MD Satish Pai told *BusinessLine* the rising operation cost remains a key concern even as the demand continues to remain robust. Coal and furnace oil costs have increased by 8 per cent.

Coal India, one of the largest suppliers, diverted supply to the power sector, he added. Interest expense was down 16 per cent to ₹479 crore on re-pricing of long-term loans and debt repayments.

Aluminium business

Revenue from the aluminium business was up 18 per cent at ₹6,135 crore (₹5,218 crore) despite production remaining flat at 3.26 lakh tonnes. Revenue from the copper business was down at ₹4,710 crore (₹5,097 crore) due to a planned shutdown at one of the smelters in July.

THE ECONOMIC TIMES DATE : 3 /11/2018 P.N.11

Liberty Steel to Buy 3 more Arcelor Mittal's European Plants

London: UK-based Liberty Steel, part of Indian-origin tycoon Sanjeev Gupta's global GFG Alliance, on Friday announced a conditional agreement to buy three additional European steel plants being sold by NRI steel billionaire Lakshmi N Mittal's ArcelorMittal.

The company said it will acquire two Belgian steel mills and one in Luxembourg from ArcelorMittal in addition to the four it said last month it would be acquiring in the Czech Republic, Romania, Macedonia and Italy. Both deals are subject to approval by the European Commission and other local processes, including the conclusion of information consultations with local and European Works Councils.

The company said it will acquire two Belgian steel mills and one in Luxembourg from ArcelorMittal

Liberty said it has struck a conditional agreement to buy the Flemalle and Tilleur sites, which employ a total of around 700 people near Liege, Belgium, and the 300-people Dudelange, Luxembourg facility.

"These are high-quality, landmark assets with skilled and experienced workforces that we are looking forward to welcoming into the worldwide GFG fold," said GFG Alliance executive chairman Gupta.

"Our aim will be to develop close working relationships with respective governments, trade unions and other local stakeholders in Belgium and Luxembourg to optimise and improve the value of these historic assets that are important for the regional and national economies," he said. PTI

Gold may consolidate before heading up

GURUMURTHY K

Gold began last week on a weak note. The global spot gold prices fell, breaking below the key support level of $1,220 per ounce to a low of $1,212.

However, the prices clawed back from the lows, recovering all the losses and closed the week on a flat note at $1,232 per ounce. A sharp fall in the US dollar index towards the end of the week helped gold to bounce back from the lows.

Similarly, silver reversed sharply higher from the lows of $14.23 per ounce and closed slightly higher for the week. The global spot silver prices were up marginally by 0.12 per cent and closed at $14.71 per ounce.

On the domestic front, the gold and silver futures contract on the Multi Commodity Exchange (MCX) remained subdued all through the week. The Indian rupee, making a strong recovery against the US dollar, capped the upside in gold prices in the domestic market. The MCX-Gold was down 0.6 per cent and closed at ₹31,750 per 10 gm. The MCX-Silver futures contract closed at ₹38,620 per kg and was down 0.24 per cent for the week.

Gold outlook

The broader view will continue to remain positive as long as the global spot gold ($1,232 per ounce) price trades above the $1,210-$1,200 support zone. However, a range-bound move between $1,200 and $1,240 is possible in the near term before gold eventually breaches the resistance level of $1,240. A strong break above $1,240 will see the yellow metal surge to $1,265 and $1,270 in the coming weeks.

On the domestic front, the MCX-Gold (₹31,750 per 10 gm) has a crucial support at ₹31,500. The contract will come under pressure if it declines below this support. In such a scenario, a fall to ₹31,300 or ₹31,000 is possible in the short term. On the other hand, if the contract manages to sustain above ₹31,500, an up-move to ₹32,000 and ₹32,300 is possible. A strong break above ₹32,300 will boost the momentum and trigger a fresh rally to ₹33,000 in the coming weeks.

Medium-term traders can hold the long positions taken at ₹31,846 and ₹31,600. Accumulate on dips at ₹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 global spot silver was volatile within the broad $14-$15 per ounce range. The outlook for silver continues to remain mixed. A breakout on either side of $14 or $15 will give a clear cue on 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 (₹38,620 per kg) has bounced from the key support level of $38,000. Immediate support is at ₹38,400 and resistance is at ₹39,000. A strong break above ₹39,000 will ease the downside pressure and take the contract higher to ₹39,400.

A further break above ₹39,400 will then pave way for the next target of ₹40,000 or even ₹41,000 thereafter.

The outlook will turn negative if the contract declines below ₹38,000. Such a break can drag the contract lower to ₹37,500 and ₹37,000.

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 levels.

THE ECONOMIC TIMES DATE : 6/11/2018 P.N.15

FIRM PRICES, HIGHER CAPACITY UTILISATION & EXPERTISE OF NEW MANAGEMENTS HELP

Stressed Steel Cos' Q2 Show Exceeds Street Expectations

While Electrosteel, Monnet Ispat narrowed losses, Bhushan Steel stayed in profit zone

Vatsala.Gaur
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Making Headway

Bhushan Steel reports profit of ₹60 cr after recording a loss of ₹467 cr same period last year

Electrosteel losses narrow to ₹86 cr after ₹237 cr last year same period

Monnet Ispat and Energy reports loss of ₹87 cr (before exceptional loss of ₹2,773 cr) against loss of ₹353 cr last year

Mumbai: Firm prices in a traditionally slow quarter and higher capacity utilisation helped stressed steel assets, acquired under the insolvency resolution law, exceed Street estimates on their performance in the second quarter.

Lower interest burden, with lenders to these assets writing off parts of the debt as haircut, helped buttress bottom-lines as well.

While losses narrowed for both Electrosteel Steels and Monnet Ispat and Energy, Bhushan Steel continued its streak in the black that it began with the first quarter after incurring losses for 18 straight quarters.

"Three factors have come to play in improving the financial performance of these erstwhile stressed steel assets - prices have been buoyant, capacity utilisation going up because the new managements inject their expertise and capital," Anjani Agarwal, global industry leader for steel at EY, told **ET**. "Also, the interest burden is going to be lighter due to debt reduction and stronger acquirers refinancing with lower cost of debt and equity," he said.

Of the three steel companies that have already been resolved under the insolvency law, Monnet Ispat and Energy lenders took the largest (75%) haircut on their debt of over ₹11,000 crore when the sole bidding consortium of Aion Capital and JSW Steel acquired it in September. Finance costs of the company fell 94% to ₹16 crore in the second quarter.

Similarly, for Bhushan Steel that was acquired by Tata Steel for ₹35,200 crore in May with the least haircut until now (37%), there has been an almost commensurate reduction of 40% in its finance costs for the quarter at ₹900 crore.

Electrosteel Steels — Vedanta's vehicle to enter steel making — saw finance costs decrease 69% to ₹89 crore. Vedanta had taken a haircut of 55% on the asset.

The second quarter is considered to be slow for infrastructure companies as monsoon reduces construction activity. But this year has been an exception as the historic currency erosion drove input costs, such as imported coking coal, significantly higher, forcing steel makers to raise prices.

The acquisition of most steel firms was made in late May and June; the price increases in September, in that sense, were timely for the companies to begin their turnaround. According to data available, hot-rolled coils in India was priced at ₹37,500 per metric tonne last year in August. This has been on an uptrend ever since, reaching ₹47,000 per tonne in June this year, an increase of 25%.

Currently, international prices of steel have been hovering in the range of $550-600 per tonne. Domestic steel price is usually at a discount to the international price, but steelmakers have over the last two months tried to narrow the gap. With the rupee depreciation, the domestic price rise seems more pronounced. To be sure, this has made input costs rise too; but the increase has been in line with, or less than, the decrease in finance costs, helping in the turnaround.

"The second quarter of FY19 reaffirms our belief that Bhushan Steel is a good strategic fit to Tata Steel's growth aspirations," Edelweiss said in a research report. "We believe Bhushan Steel could be EPS — accretive to Tata Steel from the third quarter of the current fiscal on the back of higher capacity utilisation and continued firmness in steel prices," the report said.

But how long can prices sustain? The jury is divided, with some experts saying prices have peaked. On the other hand, with no greenfield expansion in sight and a robust demand outlook, prices are not expected to soften any time soon.

New parents of these stressed assets have big plans. Srinivasan Venkatakrishnan, CEO of Vedanta, said on Wednesday that the 1.5-MT Electrosteel saw a production run-rate of 1.3 MT at the turn of the last quarter. The company will be spending about ₹2,200 crore in taking its capacity to 2.5 MT over the next 18 months after it reaches full utilisation in the near term.

Bhushan Steel, which has a capacity of 5 MT, is running at a rate of 4.2-4.3 MT, global CEO of Tata Steel, TV Narendran, had told reporters last week. "We are running the plant like any other Tata Steel plant and it is doing well. In the next 24 months, we want to take it to 5 MT and then we will think of expanding it further," Narendran had said.

THE TELEGRAPH DATE : 6/11/2018 P.N.8

Tata Steel eyes 30mt by 2025

OUR SPECIAL CORRESPONDENT

Calcutta: Tata Steel plans to ramp up domestic capacity to 30 million tonnes by 2025 as the country's oldest producer of the alloy looks to face the challenge thrown by younger rival JSW Steel.

The company, which started off from Jamshedpur in 1905, now has an installed capacity of 18.5 million tonnes (mt) in India after the successful acquisition of Bhushan Steel through the insolvency process, excluding the European and Southeast Asian operations.

"Our aim is to cross 30mt by March 2025. As of now we have a clear line of sight up to 28.5mt," Anand Sen, president, steel business, of Tata Steel, said.

Expansion drive

The company is in the process of raising the capacity of the Kalinganagar unit to 8mt from 3mt. Sen said it would be completed by the end of 2021.

Moreover, there will be incremental enhancement of the Jamshedpur unit, which will increase its capacity to 13.5mt from 10mt at present.

The company also expects to operate the Bhushan Steel plant full throttle by next fiscal. It hopes to end the year with an output of 4.3mt after taking full control over the asset from June-end. Under the erstwhile owners, Bhushan Steel had produced 3.5mt in 2017-18.

Sen, who is a non-executive director on the board of Bhushan Steel, said an incremental investment of Rs 500-1,000 crore may be required to achieve the plant's full potential. According to him, Bhushan Steel could be ramped up further. "Our assessment shows that it can go beyond 8mt but for that we have to put up a blast furnace, that's phase 2," he said.

Moreover, Tata Steel is hoping to close the deal with Usha Martin to acquire the latter's steel business, adding a 1.5mt facility to its kitty.

In contrast, JSW Steel now has a 19.6mt capacity in four locations. The Sajjan Jindal-led management maintains that it has environmental clearances to go up to 33mt by 2025.

Steel makers are buoyed by strong demand, led by domestic consumption, especially from the government's push to build infrastructure.

Peeyush Gupta, vice-president of steel marketing and sales, said steel demand could top 7 per cent this year and outpace GDP growth after a decade. According to him, Tata Steel was increasingly focusing on branded portfolio which now accounted for 47 per cent of the company's revenue.

Steel meet

Steel minister Chaudhury Birender Singh will inaugurate a three-day event to celebrate the National Metallurgists' Day and the annual technical meeting, jointly organised by Indian Institute of Metals and Tata Steel.

Professor C. Barry Carter from Connecticut University; R. Petkar of Tata Motors; and Kunwar Singh, partner, McKinsey, will be some of the speakers at the event to be held in Calcutta from November 14-16.

IN THE WORKS

- **Kalinganagar plant:** Ramp up capacity to 8mt from 3mt by 2021
- **Jamshedpur unit:** Increase capacity to 13.5mt from 10mt
- **Bhushan Steel plant:** Make fully operational by next fiscal
- **Usha Martin:** 1.5mt unit with Tatas after deal's done

BUSINESS LINE DATE : 9/11/2018 P.N.4

Steel, Commerce Ministries differ on challenging WTO panel ruling

The panel had ruled that safeguard duties on steel goods imposed by India did not adhere to the trade body's norms

AMITI SEN

New Delhi, November 8

India is yet to decide whether to challenge the World Trade Organization's recent ruling against safeguard duties imposed by the country on imports of hot-rolled steel flat products as the Steel and Commerce Ministries have adopted opposing views on the issue.

"While the Steel Ministry is in favour of contesting the WTO ruling, the Commerce Ministry believes that there is no need for such a move as the safeguard duties that have been found violative of existing rules do not exist any more," an official told *BusinessLine*.

India imposed safeguard duties — penal duties to protect vulnerable domestic industry against a surge in imports — on hot-rolled steel products in March 2016 fixed at 20 per cent which were tapered off and totally removed in March 2018.

On Tuesday, a WTO dispute settlement panel, set up at the request of Japan, gave its ruling and mostly upheld Tokyo's contention that the safeguard duties imposed by India did not adhere to the WTO norms. The WTO verdict, however, was not all against India. There were several claims made by Japan which were struck down as well. "The Steel Ministry believes that the decisions going against India could be challenged at the WTO with the country submitting more evidence to establish its case. It feels that getting the verdict changed could help India score a larger point," the official said.

Japan had dragged India to the WTO against certain measures taken by New Delhi on import of iron and steel products GETTY IMAGES/ISTOCKPHOTO

But the Commerce Ministry is of the opinion that there is no point in doing so as the safeguard duties had already been rolled back in March and the challenge would lead to a waste of effort and resources, the official added.

New Delhi does not have to decide immediately on the issue. Members have 30 days to appeal against a panel decision once it is made public.

BUSINESS LINE
DATE : 9/11/2018 P.N.3

Karnataka renews NMDC mine lease for 20 years

OUR BUREAU

Hyderabad, November 8

National Mineral Development Corporation (NMDC) has got a 20-year extension on its lease agreement of Donimalai mines from the Karnataka State government.

In a release, NMDC said the lease deed of Donimalai iron ore mine has expired on November 3. The Karnataka government extended it from November 4 for two decades. The other formalities are in the process.

The NMDC has done extensive exploration and developing iron ore mines in Karnataka which includes Kudremukh, Donimalai, Bagabudan, Kumaraswamy and Ramanadurg during the past three decades. The Donimalai mine is being developed to export ore to Japan and South Korea.

THE HITAVADA(CITYLINE) DATE : 9/11/2018 P.N.10

'Steel sector growth may top GDP numbers'

■ **Business Bureau**

THE steel sector's growth in the first half of the current fiscal could surpass that of the country's GDP numbers, a senior official of a metallurgists' body said.

The official of Indian Institute of Metals (IIM) also said long and short-term demand outlook for the sector remains robust with many government initiatives and global cues.

"Demand in the first quarter was strong, and in the second quarter, it was stable. In the first-half of the year, demand growth could be higher than 7 per cent," IIM President Anand Sen, who is also a top Tata Steel official, said. "We hope when the final GDP numbers are announced for the first half, steel sector's growth will be more, a trend we expect to see after a decade," he said.

Sen said India's steel capacity is likely to be at least 200 million tonne by 2030.

"The outlook for steel demand in India remains robust, with many announced programmes in infrastructure and automotive sector. The first half of the current fiscal has been stable for the steel sector in India," he said. Meanwhile, the IIM in association with Tata Steel, is organising its 56th National Metallurgists' Day (NMD) and 72nd Annual Technical Meeting (ATM) in Kolkata from November 14 to 16.

BUSINESS LINE DATE : 12/11/2018 P.N.11

Production costs take the sheen off aluminium

Among the largest producers of the metal, India has the highest cost of production

SATYA SONTANAM

Domestic manufacturers of aluminium have been suffering losses for the past few years, mainly on account of increased cost of production.

The companies are not able to pass on the increased costs because sales are dependent on the LME (London Metal exchange) prices of aluminium, which considers the global supply and demand situation.

In a recent report titled 'Need for an Aluminium Policy in India', published on NITI Aayog website, authors state that India has the highest cost of production among the largest producers of aluminium such as Canada, Russia, West Asia, Norway and China.

It adds that from 2003 to 2018, the metal's cost in India, which increased 73 per cent, exceeded the rise in LME prices of aluminium, which grew 64 per cent.

This is impacting the profitability of Indian aluminium businesses, which are now gradually shifting their focus from upstream aluminium operations to downstream aluminium products which are independent of LME prices and on which costs could be transferred. The firms are also focussing on production and sale of aluminium's raw material, alumina, the prospects of which looks more impressive than that of the white metal.

Below mentioned are the major elements pushing up the cost of production of the metal in the country, as per the report.

Higher taxes on mining

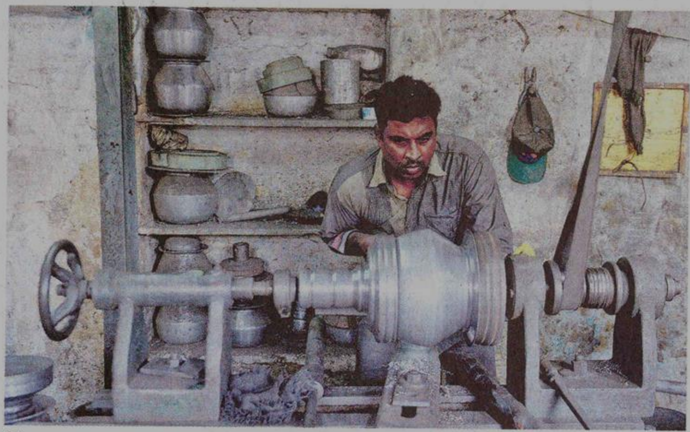
Aluminium is produced from alumina, which is derived from bauxite ore.

Mining of bauxite in India attracts high levels of royalty and taxes compared with other countries.

India charges ₹230 for every tonne of bauxite mined. Australia, the largest producer of bauxite in 2017, levies about 50 per cent lesser charges than India (₹120 per tonne). Other major producers levy much lesser — Brazil and Guinea charges ₹ 90 and ₹50 per tonne of bauxite, respectively.

Burdening power costs

Production of aluminium is a very capital- and energy- intensive process. Owing to this,



AFP

producers of the metal usually set up captive power plants for their energy requirement, instead of depending on external sources. Higher duties are charged on electricity generated from captive power plants compared to external sources.

Also, higher cess and import duties on coal purchased to generate thermal power is impacting the competitiveness of the aluminum sector. In India, royalty and taxes as a percentage of ex-mine coal cost is 25-31 per cent, while it is 0-7 per cent, 12 per cent and 7 per cent in South Africa, Indonesia and Australia, respectively.

Further, the burdens of carbon tax and RPO (Renewable Purchase Obligation), which mandates certain percentage of energy mix from renewable sources such as wind and solar, were pointed out as factors increasing the cost of power for producing aluminium. These lead to power constituting almost 30-40 per cent of the cost of production of aluminium.

Lack of infrastructure

Absence of railway connectivity and transport infrastructure in several mineral-rich areas of the country, which are typically remote, also adds to cost.

Poor rake availability affects coal and bauxite movement, and results in high working capital blockage.

Consideration to the above factors is necessary to salvage the Indian aluminium industry from further bleeding.

Given that India is blessed with rich and good quality coal and bauxite reserves, competitive advantage could be created for the industry by providing solutions to the above issues.

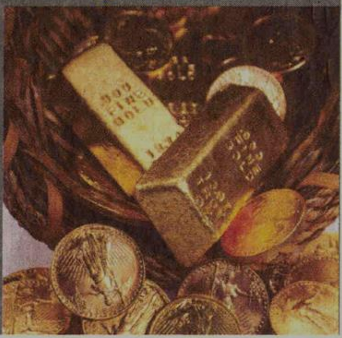
Set price

Manufacturers are not able to pass on the increased costs because sales are dependent on the LME prices of aluminium, which considers the global supply and demand situation

BUSINESS LINE DATE : 12/11/2018 P.N.11

Gold Q3: Who bought, who sold

After a lull, demand for gold revived in the September quarter with increased buying by consumers and central banks, show recent WGC data



1. Gold finds more buyers

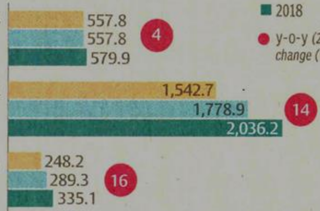
Strong demand from consumers and central banks offset by outflow from ETFs *(in tonnes)*

	Sep '17	Dec '17	Mar '18	June '18	Sep '18	y-o-y change (%)
(1) Jewellery	505.8	650.2	522.4	511.3	535.7	6
(2) Technology	84.3	88.5	82.0	83.3	85.3	1
(3) Bars and coins	233.0	258.9	260.7	247.8	298.1	28
(4) Gold ETFs	13.2	32.5	27.1	33.8	-103.2	
(5) Total investment (3+4)	246.2	291.4	287.8	281.7	194.9	-21
(6) Central bank and institutions	121.8	74.4	104.6	98.6	148.4	22
Total gold demand (1+2+5+6)	**958.1**	**1104.4**	**996.8**	**974.9**	**964.3**	1

2. Drop in price helps

Gold prices	Sep '17	Dec '17	Mar '18	June '18	Sep '18	y-o-y change (%)	q-o-q change (%)
$/oz	1,277.9	1275.4	1,329.3	1,306.0	1,213.2	-5	-7
₹/10g	26,414.1	26,566.1	27,503.8	28,143.7	27,345.7	4	-3
Demand in India (tonnes)							
Jewellery	134.8	182.4	119.2	149.9	148.8	10	
Bars and coins	31.0	59.6	32.3	39.3	34.4	11	

3. India among countries that increased gold hoard *(in tonnes)*



Compiled by: **Bavadharini KS**

Source: World Gold Council

THE HITAVADA (CITYLINE) DATE : 12/11/2018 P.N.10

Gold price likely to rebound to Rs 3,350/g mark

■ **Business Bureau**

GOLD price, which has turned negative in both international and domestic markets, is likely to rebound and may touch Rs 33,500 per 10 gram provided the rupee rallies back to 71, say industry experts.

Gold on Friday closed Rs 31,015 per 10 grams in the domestic market, while it was at USD 1,207.70 at the international level.

"The domestic market has not seen any spectacular demand due to high price and poor returns. The strengthening of US dollar, two rate hikes by the RBI since June and the fear of another hike next month have dented investment appetite for gold," Commtrendz Risk Management's Director Gnanasekar Thiagarajan said.

Though he said there has been no significant impact on gold price from the geopolitical tension in many areas, the same cannot be ruled out going forward.

"We see gold price moving around USD 1,185-1,255 per ounce with a possibility of an extension towards USD 1,275 by December-end. At the lower end, it may fall to USD 1,160. Domestic prices many rule between Rs 30,250 and Rs 33,500 if the rupee claws back to 71," he said.

Financial services provider ABans Group chairman Abhishek Bansal attributed the September to mid-October rally in gold prices to the ongoing US-China trade wars and on tension arising from the US sanctions on Iran coming into effect from November 4.

But then the price began to fall on fear of the US Fed hiking interest rates again. The Fed had on September 26 increased the rates by 25 bps to 2.25 per cent. This was the eighth hike since 2015 when it was at 0.25 per cent since the 2008 crisis.

If the interest rate rises from current levels, it will increase borrowing costs and will be negative for gold, because then the bond market will be more attractive than gold, which has hardly given any returns in the last five years, he said. He said the spike in domestic price was due to the increase in the international prices only, coupled with the steep fall in the rupee. "The rupee, which depreciated against the US dollar by more than 15 per cent in the first 10 months of this year, is finding support over falling crude prices; this is another reason for the steep fall in domestic gold prices," he added.

Further, he said, higher gold prices kept buyers away during the festival season and demand from rural markets did not pick up as farmers are yet to receive the minimum support prices for their crops. Over 60 per cent of the domestic gold demand comes from the rural markets. Analysing these fundamentals, he said, international gold prices are likely to remain in a broader range of USD 1,180 to USD 1,240 by December end.

THE HITAVADA DATE : 13/11/2018 P.N.9

Vedanta plans to inject Rs 15,000 cr in Odisha

Reliance Industries to make Rs 3k cr fresh investment

RELIANCE Industries (RIL) will make a fresh investment of Rs 3,000 crore in Odisha over the next three years as the State's per capita data consumption is among the highest in the country, its Chairman Mukesh Ambani announced here on Monday. The company has already invested Rs 6,000 crore in Odisha, emerging as one of the biggest investors in the State.

"We are committing an investment Rs 3,000 crore in Odisha, in addition to Rs 6,000 crore invested so far. Our investment philosophy has a clear goal -- to empower everyone in the march of development," Ambani said at the plenary session of 'Make in Odisha - Conclave 2018'. Most of our investments go into creating digital infrastructure, the business tycoon said.

He also said that Reliance Jio, the telecom arm of Reliance Industries, is not just another business - it is a "mission to transform India, to transform Odisha". "We have created and sustained new employment opportunities of over 30,000 people in the last two years in the State," he said.

BHUBANESWAR, Nov 12 (PTI)

VEDANTA Resources Chairman, Anil Agarwal on Monday announced the company's plan to inject Rs 15,000 crore to raise the alumina refinery capacity at Lanjigarh three-fold to six mtpa and firm up downstream sector in Odisha in three years.

The expansion of the Lanjigarh plant in phases would increase the capacity of the refinery from the existing two million tonnes per annum (mtpa) to four mtpa and then to six mtpa in the next three years, Anil Agarwal, who is also the founder of the company said addressing the Make in Odisha Conclave.

"Vedanta has already invested over Rs 50,000 crore in Odisha projects. Fresh investment of Rs 15,000 crore will be made in the next three years for expansion of Lanjigarh refinery and strengthening of downstream sector," Agarwal said this while addressing the conclave and later interacting with journalists.

He said that Vedanta's aluminium park at Jharsuguda, where its smelter unit is located, is progressing well and around 25 downstream industries have come up and over 100 such units are likely to be set up in the complex spread over an area of 250 acres.

Agarwal, however, voiced concern over scarce availability of raw materials like coal and bauxite in the State. He said Government companies get 100 per cent coal, while private entities are given only 25 per cent supply which makes it tough for them to run in a viable manner.

"It is the responsibility of all to ensure that coal produced in the State is made available to local industries," he said adding it would go a long way in boosting investment in Odisha.

Stating that half of the coal produced in Odisha moves out of the State, the Vedanta Chairman said the whole mechanism is "discriminatory" and an increase of even 10 per cent in coal share would be of immense help to the private sector in which over five lakh employees are involved.

About bauxite, Agarwal said only about one per cent of the mineral's reserves in Odisha have been explored and it is essential to open more bauxite blocks to ensure expansion of the aluminium sector in the State.

Vedanta, he said, has been given a small bauxite mine at Kodingamali and like oil blocks, more of them should be put to auction for growth of aluminium units. Vedanta would participate in auctions of new bauxite mines to feed its expansion programme, he said.

Odisha has 700 mt of known bauxite reserves and has the potential to become the bauxite capital of the world. The State has 70 per cent of India's total bauxite reserves, the world's fifth-largest, he said.

THE HITAVADA DATE : 14/11/2018 P.N.9

Tata Steel net up 3-fold at Rs 3,116 cr

NEW DELHI, Nov 13 (PTI)

TATA Steel on Tuesday posted a three-fold surge in consolidated net profit to Rs 3,116.2 crore for the quarter ended September 30, 2018, led by robust operational performance. The company had posted a consolidated net profit of Rs 1,017.7 crore in year-ago period, Tata Steel said in a BSE filing. The consolidated income of the company in July-September period increased to Rs 43,898.53 crore from Rs 32,675.5 crore in the corresponding quarter of the previous fiscal.

"Tata Steel Group has delivered extremely strong results this quarter driven by robust operational performance and favourable business conditions in India. This quarter, despite a seasonally weaker period, we sold 4.32 million tonnes (MT) across Tata Steel standalone and Bhushan Steel. This demonstrates our strong customer relationships and the strength of our marketing franchise," company's CEO and Managing Director, T V Narendran said. "We continue to work on our strategy of increasing our Indian footprint as we ramp up operations at Bhushan Steel and implement our 5 MT per annum expansion at Tata Steel Kalinganagar," he said.

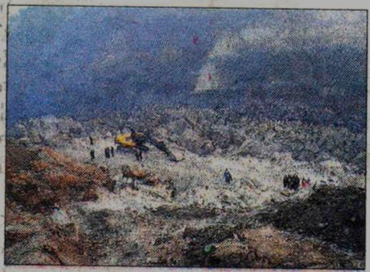
In line with this, the company has also signed definitive agreements to acquire the one MTPA steel business of Usha Martin which will strengthen Tata Steel's capability in longs products, Narendran said. "We are making good progress on TSE Thyssen-Krupp JV. We are in discussions with European Commission for phase II review which typically takes 90 days. While we are positive on steel demand outlook especially in India, risk of trade wars and increasing imports remains a concern," he said.

THE HITAVADA DATE : 14/11/2018 P.N.5

NGT panel finds freshly dug coal in mining-banned Meghalaya hills

SHILLONG, Nov 13 (PTI)

A THREE-member committee of the National Green Tribunal (NGT) on Tuesday said that it has found freshly dug coal in Meghalaya's East Jaintia Hills district, where mining and transportation has been banned by the tribunal.



The NGT in 2014 had imposed a blanket ban on mining and transportation of coal for its adverse environmental effect and the absence of safety measures for miners. "We found certain freshly mined coal there, certainly not the ones that were mined way back in 2014. We also found stacks of coal in one location at Sutnga area in East Jaintia Hills," committee chairman Justice (Retd) B P Katakey told PTI.

He said, "We went to Khliehriat area because there was an allegation before the National Green Tribunal that although mining has been banned since 2014, illegal activities are still going on."

Kakatey and two other members of the committee - a mining specialist from the Indian School of Mines, Dhanbad and a scientific officer from the Central Pollution Control Board - visited Sutnga and Khliehriat areas, where RTI activist and environmentalist Agnes Kharshiing and her companion were attacked by coal mining mafias on November 8 last. Kharshiing is now battling for life at the super speciality North-East Indira Gandhi Regional Institute of Health and Medical Sciences near here.

The chairman of the committee also observed that the movement of coal from the State to Assam cannot be ruled out as borne out by the seizure of coal-laden trucks.

THE HINDU
DATE : 14/11/2018 P.N.14

NMDC net declines 25%

HYDERABAD

NMDC Ltd. has posted a stand-alone net profit (from continuing operations) of ₹636.49 crore for the quarter ended September, which is 24.62% lower compared with ₹844.40 crore registered in the year earlier period. The decline came in the backdrop of higher tax expense, which increased to ₹676.70 crore (₹396.33 crore). The public sector iron ore miner's total income was ₹2,568.87 crore, a marginal 1.48% increase over ₹2,531.18 crore.

THE HINDU DATE : 14/11/2018 P.N.14

Tata Steel profit surges over threefold

Higher steel prices and consolidation of Bhushan Steel results aid the company

SPECIAL CORRESPONDENT
MUMBAI

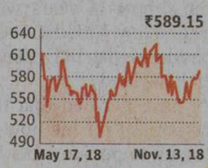
Tata Steel Ltd.'s second quarter consolidated net profit rose to ₹3,116 crore, the highest in nine years, compared with a net profit of ₹1,018 crore in the year-earlier period on higher steel prices and consolidation of Bhushan Steel results.

The steelmaker reported a 34% growth in turnover to ₹43,544 crore.

Consolidated deliveries grew 15% during the quarter to 7.42 million tonnes due to its focus on the domestic market, where a government push to improve infrastructure has raised demand.

Commenting on the results, T. V. Narendran, chief executive officer and managing director, said, "Tata Steel Group has delivered extremely strong results this quarter driven by robust operational performance and favourable business conditions in India. This quarter, despite a seasonally weaker period, we sold 4.32 million tonnes across Tata Steel standalone and Bhushan Steel."

Steely Performance



Tata Steel Group has delivered extremely strong results this quarter driven by robust operational performance and favourable business conditions in India
T.V.NARENDRAN, MD & CEO

Tata Steel	Q2 FY 19	Q2FY18	% change
Total Income (₹ cr.)	43,898.53	32,675.55	34.35
Net profit (₹ cr.)	3,116.2	1,017.78	206.18
EPS Basic (₹)	31.07	9.34	-

The liquidity position of the group remains robust at ₹26,470 crore, said a company statement, adding that gross debt during the quarter increased by ₹2,065 crore primarily due to adverse forex impact of ₹3,528 crore.

Koushik Chatterjee, executive director and CFO, said, "This has been one of the best-ever quarters for Tata Steel India on the back of strong operating and market performance with the EBIDTA margin of 34% and in excess of ₹19,000 per tonne and a profit after tax of ₹3,268 crore.

Tata Steel Europe

Liquid steel production at Tata Steel Europe was lower by 7% at 2.43 million tonnes as the production was impacted by two unplanned outages at IJmuiden; and planned shutdowns for ongoing upgradation programme and annual maintenance of Port Talbot.

This resulted in a fall in EBITDA to ₹1,111 crore compared with ₹1,667 crore in 1QFY19.

European operations, which are in the process of being merged with Thyssenkrupp AG, face an in-depth probe over concerns that the deal could reduce competition.

Noel Vaz, analyst, IIFL Securities said: "Tata Steel clearly beating consensus estimates for Q2FY19 due to strong outperformance by the domestic steel businesses. The strong performance of the domestic steel businesses (especially Bhushan) is likely to support the company's deleveraging efforts going forward. Lower leverage would help reduce stress on the balance sheet and is likely to lead to potential re-rating of the stock."

Tata Steel shares on the BSE closed up 1.07% at ₹589.15 in Mumbai market on Tuesday.

Hindalco to invest ₹6,000 crore on downstream facilities

AB Group signs MoU with Gujarat govt for a ₹2,100-cr extrusion plant at Mundra

ABHISHEK LAW

Bhubaneswar, November 13

Hindalco, the country's largest aluminium producer, will invest "at least" ₹6,000 crore towards setting up of downstream facilities over the next four years.

The investments will be made at Mundra in Gujarat where it will set up an extrusion plant, while at the Sambalpur district in Odisha, it will set up a flat rolled products unit.

According to Satish Pai, MD, expansion of units for downstream products take time and will be done in a phased manner.

The Aditya Birla Group company had recently signed a memorandum of understanding (MoU) with the Gujarat government for a ₹2,100-crore extrusion plant at Mundra with an annual capacity of 137,000 tonnes. It already has two extrusion plants at Renukoot (Uttar Pradesh) and Alupuram (Kerala) with a combined capacity of 60,000 tonnes per annum.

In Sambalpur, Hindalco will invest about ₹4,000 crore where its flat rolled products unit will have an annual capacity of 375,000 tonnes per annum.

Capex, raw materials

"We have committed to set up downstream facilities in Gujarat and here in Odisha by investing over ₹6,000 crore over the next four years," Pai told *BusinessLine* during an interview on the sidelines of the biennial Make-in-Odisha Conclave 2018. According to him, the company is in the process of investing ₹1,600 crore as capex during this fiscal.

Satish Pai, MD, Hindalco

While ₹700-800 crore will go towards the maintenance of its facilities, the rest will be deployed for brownfield expansion of the Utkal Alumina project. The ₹1,300-crore project includes ramping up of facility by 0.5 million tonnes to 2 million tonnes per annum.

The company will also look at coal mine auctions for linkages that is expected to happen by the end of this month.

"There is no quick fix for coal shortages. We are not getting linkages and are not importing (coal) yet. We have started putting some volumes, about 0.5 million tonne, for import at this stage. The company is waiting for coal mine auctions that will happen by the end of November," said Pai.

Hindalco already operates three coal mines— Gare Palma IV/4 and IV/5 in Chhattisgarh and Kathautia in Jharkhand. The fourth at Dumri (Jharkhand) is under development. "Apart from coal shortages, furnace oil is hitting us in terms of input cost," he said.

The acquisition of US-based aluminium sheet-maker Aleris Corp, at a reported cost of $2.6 billion, is expected to be completed by April-May next year, he added.

BUSINESS LINE DATE : 15/11/2018 P.N.2

JSW Steel to bid for all downstream stressed assets

SURESH P IYENGAR

Mumbai, November 14

Once-bitten-twice-shy JSW Steel has decided to bid for all the distressed large steel and downstream companies in future with the focus on evaluating their worthiness at the final stage.

Seshagiri Rao, Joint Managing Director, JSW Steel, said the company missed the opportunity to be in race for Essar Steel as it had not placed the expression of interest in the initial stage.

"At that time, we were pursuing Bhushan Power and Steel, Bhushan Steel and Monnet Ispat. We did not want to put our hands in every available assets then, but now we have realised the mistake," he said.

Essar tale

Of course, he said this does not mean the company will be aggressive in bidding for all available assets. Refuting the possible entry of ArcelorMittal disrupting the steel market with aggressive pricing strategy like Reliance Jio did in telecom sector, Rao said with huge domestic demand of 95 million tonnes a year, one player with 10 mtpa capacity cannot dictate and disrupt the industry trend.

JSW Steel expects to turnaround Monnet Ispat and merge itself within three years, providing an exit opportunity for its joint venture partner Aion Capital.

Typically, Rao said private equity investments look for exit after 3-7 years and in the case of Monnet, the exit will happen much sooner.

Enhancing capacity

JSW Steel, which has a market share of 15 per cent, plans to ramp up its production capacity from the planned 25 mtpa to 45 mtpa by 2030 when the country's overall capacity is expected to treble to 300 mtpa. Currently, JSW Steel is increasing capacity from 18 mtpa to 26 mtpa with investment of ₹45,000 crore.

Alongside, the company will maintain its value-added product portfolio at 55 per cent to protect itself from the vagaries of steel prices.

Focus on value addition

Jayant Acharya, Director, JSW Steel, said the focus on value-added products will protect the company's margin as it takes years to get approval for supplying these customised speciality products.

While expanding production capacity, Rao said the company will ensure backward integration of raw material and will not commit the mistake done earlier by expanding output without captive iron ore and coal allotment.

BUSINESS LINE DATE : 15/11/2018 P.N.5

Better realisations, Bhushan Steel consolidation give Tata Steel the lift

SATYA SONTANAM

BL Research Bureau

ANALYSIS

Notwithstanding the robust set of numbers reported by Tata Steel for the September quarter, the markets seemed unimpressed. However, the stock's decline may have been an over-reaction and more to do with the broader market volatility.

The company's consolidated revenue increased by nearly 35 per cent to ₹43,544 crore, while net profit more than tripled y-o-y to ₹3,116 crore. This was possible on the back of consolidation of Bhushan Steel into the group's financials and better performance by Tata Steel's domestic operations.

Strong realisations

The company reported strong standalone revenue of ₹17,902 crore for the quarter, a growth of 26 per cent year-on-year, driven by higher sales volumes and better realisations. While volumes increased by 3.2 per cent to 3.18 million tonnes, realisations improved by more than 20 per cent from about ₹45,000 to around ₹55,000/tonne. This led to higher operating profits for the company — an increase of 74 per cent y-o-y to ₹19,244 a tonne. Operating margins, too, rose to 34 per cent from 24 per cent a year ago.

Overseas sales declined by about 23 per cent y-o-y, mostly due to uncertain global conditions. However, it improved by 50 per cent compared to the previous quarter as a result of a weaker rupee.

European operations

Liquid steel production at European operations in the quarter (2.43 million tonnes, lower by 7 per cent y-o-y) was affected due to unplanned outages and annual maintenance. In addition, higher imports too have impacted sales. However, the operating profit contribution has increased by almost 50 per cent to ₹1, 111 crore from ₹732 crore a year ago on account of increased sales of value differentiated products.

Bhushan gave a leg up

This is the first quarter in which Bhushan Steel's earnings were completely consolidated with Tata Steel's consolidated numbers. Sales from Bhushan Steel grew by a reasonable 10 per cent to 1.14 million tonnes in the quarter. It contributed ₹5,862 crore and ₹1,173 crore to the revenue and operating profit of the group, respectively.

THE HITAVADA DATE : 15/11/2018 P.N.10

Per capita steel consumption still low, worrisome: Official

■ Business Bureau

INDIA'S per capita steel consumption remains "extremely low" and is a cause for concern to the Government, even as the country is on course to achieve the ambitious 300 million tonne output by 2030-31, a top official of the Steel Ministry said on Wednesday.

As per the latest Joint Plant Committee (JPC) report India's per capita consumption of steel stands at 69 kg way below the global average of about 214 kg, Steel Secretary Binoy Kumar said here. "The per capita consumption (of steel) is extremely low and it has been a historical issue. The aim is to take the figure to somewhere around 160 kg by 2030 and the Government has been taking initiatives towards this target," he said. The Union Cabinet had last year approved the National Steel Policy 2017 that envisages Rs 10 lakh crore investment to take capacity to 300 MT by 2030-31.

Kumar was speaking at the 56th National Metallurgists' Day, jointly organised by the Indian Institute of Metals and Tata Steel.

The senior steel ministry official said the Government has taken certain policy initiatives like life-cycle costing of steel, which strives to make its usage more cost-friendly and competitive.

"We also came up with the policy for preference to domestically manufactured iron and steel products. Due to this initiative, the Government has been able to save over Rs 8,000 crore on import bill of steel in the last one-and-a-half years alone," he said.