खनिज समाचार

KHANIJ SAMACHAR

Vol. 4, No-19

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खनिज समाचार

KHANIJ SAMACHAR

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FROM

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INDIAN BUREAU OF MINES

VOL. 4, NO-19 , 1st – 15th OCTOBER , 2020

BUSINESS LINE
DATE : 1/10/2020 P.N.10

Sell MCX-Nickel below ₹1,050

AKHIL NALLAMUTHU
BL Research Bureau

The October futures contract of nickel in the Multi Commodity Exchange (MCX) has been on a downtrend for the last one month. But it seems to have found support at ₹1,050 as it has been trading just above that level for the past few trading sessions.

The trend is bearish as the contract has been forming lower lows, and the indicators are hinting at the same. The daily relative strength index is pointing downward and lies below the midpoint level of 50. Similarly, the moving average convergence-divergence indicator in the daily chart is tracing a downward trajectory and has entered the bearish zone.

If the price breaks below the support of ₹1,050, the sell-off could intensify and the price could drop to ₹1,000 — a psychological level. Subsequent support can be spotted at ₹970. On the upside, the contract has a resistance at ₹1,100. The 21- and 50-day moving averages coincide at ₹1,100, making it a strong hurdle.

Since ₹1,050 is a support, traders can short MCX-Nickel with stop-loss at ₹1,100 if the price breaks below ₹1,050.

THE TIMES OF INDIA DATE : 1/10/2020 P.N.3

Vedanta, Adani among 42 bidders for coal blocks

New Delhi: Vedanta, JSPL, Adani Enterprises, Hindalco Industries, JSW Steel and Nalco are among the 42 companies that have submitted the bids for 23 coal blocks that were put up for auction under commercial mining. The government has in total put up for auction 38 coal blocks for commercial mining.

"A total of 76 bids have been received for 23 coal mines... A total of 42 companies have submitted their bids in the auction process," the coal ministry said in a statement.

The highest number of bids (seven) were submitted by Adani Enterprises; followed by Hindalco Industries and JMS Mining (five each); and The Andhra Pradesh Mineral Development Corporation, Aurobindo Reality and Infrastructure, and EMIL Mines and Minerals Resources (four bids each).

Vedanta Ltd submitted three bids, Jindal Steel and Power Ltd (JSPL) submitted two, JSW Steel and Nalco one each, among others.

Of the total 76 bids, the highest bids were made for Gotitoria (East) and Gotitoria (West) and Gare Palma IV/7 coal blocks (eight bids for each), followed by six bids each for Brahmadiha and Urma Paharitola mines.

The ministry said two or more bids have been received for 19 coal mines.

The bids will be evaluated by a multi-disciplinary Technical Evaluation Committee, and technically qualified bidders would be shortlisted for participation in the electronic auction to be conducted on MSTC portal from October 19.

As part of the auction process, technical bids comprising online and offline bid documents were opened on Wednesday in the presence of the bidders. PTI

BUSINESS LINE DATE : 1/10/2020 P.N.9

Secondary steel units urge PM to ban iron ore export to China

SURESH P IYENGAR

Mumbai, September 30

Taking a cue from Prime Minister Narendra Modi's call to shrink trade with China, secondary steel producers have urged the government to ban iron ore export to China.

Secondary steel units, which contribute 50 per cent of steel production, depend on domestic iron ore supply, unlike large primary steel producers who own captive iron ore mines.This apart, the sponge iron production of about 31 mt and pellet plants with 85 mt capacity are also dependent on domestic iron ore. The secondary steel industry annually requires 90-100 mt of iron ore, said Rajeev Singh, Director General, Indian Chamber of Commerce, in a letter addressed to the Prime Minister's Office.

Odisha and Chhattisgarh have about 136 sponge iron ore units with capacity of 24 mt but produced only 13-14 mt. Amidst the current raw material crisis situation, it is expected to be cut down further to 6-7 mt by this year end.

About 30 per cent of the sponge iron capacity is idle due to shortage of raw material. Iron ore production between April and September was down 50 per cent to 47 million tonnes due to expiry of many mining leases and reallocation of leases. However, exports in the same period were up 63 per cent to 22 mt.

Last financial year, iron ore exports rose 133 per cent to 38 mt from 16 mt in 2018-19. Of the overall shipments, exports to China accounted for 82 per cent at 30.86 mt due to strong demand.

Kamal Aggarwal, Secretary General, All India Induction Furnaces Association, said though ore exported is of lower iron content, he said it has a blend of over 58 per cent Fe iron, causing a huge unchecked dent to the exchequer.

Iron ore should be converted into value added steel products and then exported, to achieve Prime Minister Modi's dream of 'Making for the world', Aggarwal said.

NMDC expects to post improved performance in coming quarters

Renewal of lease, new mines augur well; to re-start mining at Donimalai soon

OUR BUREAU

Hyderabad, September 30

State-owned iron ore mining major NMDC expressed confidence of better performance in coming quarters by prioritising its operational capabilities and strategies for improved outcome in the new financial year.

Addressing shareholders at NMDC's 62nd Annual General Meeting, Sumit Deb, CMD, NMDC, said "during the year, all five mining leases of Bailadila Iron Ore Mines in Chhattisgarh have been extended and the Ministry of Coal has declared NMDC as successful allottee of Tokisud North Coal Mine (non-coking coal) & Rohne Coal Mine (coking coal) under Section-5 of the Coal Mines (Special Provision) Act, 2015."

Regarding Donimalai Mines, he said, on September 15, the Karnataka Cabinet cleared the application to start mining operation. The actual resumption of mining operations in Donimalai is expected shortly. Deb said the Board of Directors of the company has accorded in-principle approval to the proposal to demerge NMDC Iron & Steel Plant (NISP) Nagarnar located in Chhattisgarh.

He said, "CY2019 has been a challenging one. NMDC was impacted by unfavourable economic conditions which reflected in the FY performance." Turnover of the company for the year under review declined 3.74 per cent year on year at ₹11,699 crore as against ₹12,153 crore in the previous financial.

Sumit Deb, CMD, NMDC

The margins were also impacted. Profit after tax (PAT) was ₹3,610 crore compared to ₹4,642 crore in the previous financial year 2018-19, a decrease of 22.23 per cent.

Since July 2020, NMDC has recorded a rise in overall production and sales as compared to the corresponding period in July 2019. NMDC production in August, of 2.19 million tonnes (mt) and sales at 2.57 mt were up by 13 per cent and 7 per cent respectively over the corresponding period last year. Total production stood at 1.62 mt in August compared to 1.41 mt in August 2019. Total sales stood at 1.79 mt in August 2020 compared to 1.49 mt in August 2019.

Covid impact

PTI reports: The commissioning of NMDC's ₹21,000-crore 3-million tonne capacity steel plant in Chhattisgarh has been delayed due to Covid-19 and is now expected by July next year. Experts from foreign countries, engaged in the project work, could not undertake visits for inspection and clearance, in view of Covid-19 travel restrictions, Deb said.

BUSINESS LINE DATE : 1/10/2020 P.N.10

ANTI-DUMPING PROBE ON ASEAN IMPORTS

Demand to revive for domestic copper tubes

Currently, over 80% of domestic capacity is idle because of imports

RUTAM VORA

Ahmedabad, September 30

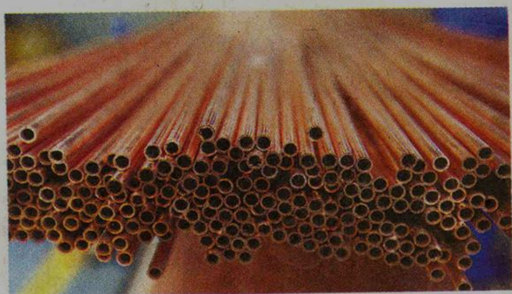
The Centre has initiated an anti-dumping probe against imports of copper tubes and pipes from ASEAN members – Malaysia, Thailand and Vietnam – into India. This has kindled hopes of a demand revival for domestic manufacturers of copper tubes. The industry has seen capacity utilisation dwindle to a low of about 18 per cent in the past four-five years.

As against the total annual demand of about 85,000 tonnes for copper tubes and pipes and installed capacity of about 82,000 tonnes, imports are to the tune of about 69,000 tonnes – leaving over 80 per cent of the domestic capacities idle.

Talking to *BusinessLine*, Sandeep Jain, President, Bombay Metal Exchange (BME) said that of the 69,000 tonnes of total imports of these products, about 63,000 tonnes or approximately 74 per cent of the total demand was met through imports from ASEAN nations.

"In the last five years, 20 large manufacturers of copper tubes have shut operations as they couldn't withstand the competition from cheap imports. They had about 70 per cent of the industry's total capacity," said Jain.

The duty difference between the raw material and finished products is about 5.5 per cent, which makes finished products' imports cheaper to that extent compared to domestically manufactured products, added Jain.



Finished products are cheaper to import than raw materials

The BME, a representative body of non-ferrous metals trade and industry in India, was the one that had appealed to the Directorate General of Trade Remedies under Ministry of Commerce and Industry for the probe.

Targeted production

Data shows that during the past four years, imports from Malaysia, Thailand and Vietnam collectively accounted for more than 90 per cent of total imports of copper pipe and tubes, broadly categorised under HS Codes 74112100, 74112200 and 74112900. These products are largely used in air-conditioning and refrigeration systems. It is seen that these countries have encouraged local production despite no additional demand in their domestic markets. This indicates that the production was targeted to feed the Indian market and gain benefit, say industry sources.

Following the government probe, Jain stated that prices may go up in the domestic markets. "There is a possibility of an anti-dumping duty on imports of finished products. But there is also a possibility that the government may cut duty on raw materials. If that happens, then the prices will remain at par with the imported rates," he said.

BUSINESS LINE
DATE : 2/10/2020 P.N.7

COMMODITY CALL

MCX-Zinc: Sell-off can intensify below ₹186

AKHIL NALLAMUTHU
BL Research Bureau

Price action since the beginning of September shows that the October futures of zinc in the Multi Commodity Exchange has been trading with a bearish bias. The contract has formed a lower highs and the 21-day moving average (DMA) is about to slip below the 50-DMA — an indication of a potential change in the medium-term trend.

Corroborating the downward bias, the daily relative strength index is below the midpoint level of 50 and the moving average convergence-divergence indicator in the daily chart has been charting a downward trajectory and is on the verge of entering the bearish zone.

Also, we can also observe a descending triangle pattern in the daily chart with its base at ₹186. Notably, the 38.2 per cent retracement level coincides at this price point, making it a strong support. So, even though the contract is trading with a bearish bias, the price should fall below ₹186 to establish a sustainable downtrend. Hence, traders can wait for now and sell the contract with a stop-loss at ₹192 if price breaches ₹186.

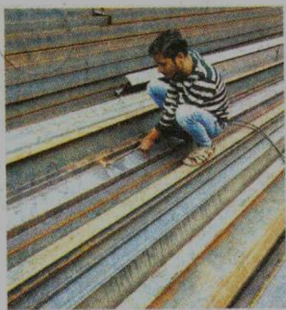
Note: The recommendations are based on technical analysis. There is a risk of loss in trading

THE HINDU DATE : 2/10/2020 P.N.14

April-August local steel usage lowest in 6 years

Exports steady boat, China top buyer

REUTERS
NEW DELHI



India's domestic steel consumption during April-August dropped to its lowest in at least six years, government data analysed by *Reuters* showed, underlining the economic slowdown and slump in infrastructure spending.

Steel consumption, in the first five months of the fiscal year, was at 27.4 million tonnes, a 35% fall over last year, data showed. The reading was also the lowest since data was collated in the current form beginning FY15.

Finished steel production also fell over 30% during April-August to 30 million tonnes, data showed.

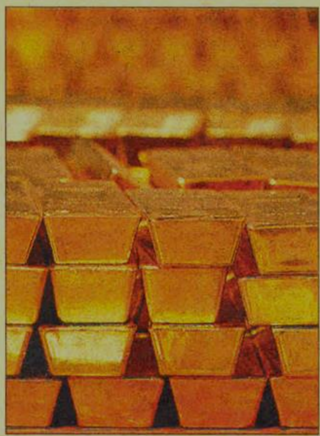
Steel producers, however, continued to ride out the domestic slump by focussing on exports, with China emerging as the top buyer, shipping in a record 1.7 million tonnes during April-August.

METAL UP 25% THIS YEAR AMID RECORD STIMULUS

Quant Hedge Fund Taps into Inflation Fears With its New Gold Shares

Move reflects fears that QE, low rates will erode faith in fiat currencies

Bloomberg



A $700-million Swiss hedge fund is tapping into the backlash against central-bank largesse by offering clients in its flagship systematic strategy shares that are denominated in gold.

Quantica Capital is launching this new share class — priced in the shiny metal but settled in dollars — in its managed futures fund, which rides medium-term trends across assets. The move reflects booming demand for gold amid fears that quantitative easing and rock-bottom borrowing rates will erode faith in fiat currencies.

"In a world where paper money issued by central banks is suffering from ever-increasing debt, muted economic outlook and ultra-low interest rates paired with inflation fears, a strategic investment in gold might be more attractive than ever," Quantica founder Bruno Gmuer wrote in an emailed statement.

By putting money in the gold-denominated share class, dollar investors will have exposure to the commodity trading adviser's trend-following strategy as well as the metal's move against the greenback. Bullion has surged 25% this year as unprecedented monetary easing fuels bets on reflation.

Meanwhile, Quantica has seen a roughly flat performance so far this year amid whiplash moves across assets.

Investors have kept piling into gold funds this month, even as prices dip from records thanks to a rebound in the dollar.

It is not the first time this year a hedge fund has added new share classes tied to precious metals. In August, Edouard de Langlade's EDL Capital started offering gold- and silver-denominated investments in its macro hedge fund.

"This is not very common," said Philippe Ferreira, a cross-asset strategist at Lyxor Asset Management. "But gold gains appeal when central banks debase their currency as it is the case now with asset purchases."

THE HITAVADA DATE : 3/10/2020 P.N.5

Steel cos stay away from bidding in coking coal blocks

KOLKATA, Oct 2 (PTI)

NO STEEL company has shown interest in bidding for four coking coal blocks of 38 mines put on auction for commercial mining as they have concern about fuel quality and high capital cost, officials said on Friday.

Of the four blocks with coking coal, a key raw material for manufacturing of the metal, two received bids from companies which do not make steel, they said. "Steel companies did not show interest in bidding for the coking coal blocks as the quality of the fuel from these mines is not very good and capital expenditure for mining is high. Availability of capex (capital expenditure) funds is also limited during the COVID-19 pandemic. Import is a viable option," an official of a steel company said on condition of anonymity.

He said, "The four mines were offered four times in the past for captive use but no steel makers had shown interest earlier. In this round, steel companies have not submitted bids." The two coking coal mines that received bids are Brahamadiha in Jharkhand and Urtan in Madhya Pradesh, he claimed.

The Government has in total put up for auction 38 coal blocks for commercial mining. As many as 42 companies have submitted 76 bids for 23 coal mines in the auction process.

The coal ministry had said two or more bids were received for 19 coal mines.

"The Government will go ahead with the 19 coal blocks for which two or more bids were submitted. The auctioning process has been annulled for the rest of the mines that received either one bid or nothing," another official said.

In the auction process, eight of 11 blocks in Madhya Pradesh received bids, while companies have shown their interest in six of nine coal mines in Jharkhand. Firms submitted bids for five of Odisha's nine blocks put on for sale, while two of seven mines in Chhattisgarh attracted bidders. Maharashtra witnessed interest of companies for its two mines put on for auction.

THE ECONOMIC TIMES DATE : 3/10/2020 P.N.5

Secondary Steelmakers Gasp for Oxygen as Covid Gets First Right

Several states have diverted industrial supplies to hospitals treating Covid patients

Bhavya.Dilipkumar
@timesgroup.com

Mumbai: India's secondary steel players that together account for more than 55% of the industry are facing a shortage of industrial oxygen besides a sharp increase in prices, with several states diverting supplies to meet the demand from hospitals treating Covid patients.

"We are facing a shortage of oxygen supply. There is no doubt that the oxygen requirements for medical use should be met. The logistics of the supply should be handled in such a manner that it can meet both the medical and industry needs," said Suketu Shah, joint managing director, Mukand.

Mukand is one of the top secondary steelmakers with a rolling capacity of around 5,50,000 tonnes per year.

"We require around 25-30 kg of oxygen for each tonne of steel production. Now the district administration has sent letters to oxygen suppliers to stop the supply to us, so we have reduced our production from 100% to 60%. Prices have also gone up by ₹700-1,000 per tonne," said a senior executive at a secondary steel company in Maharashtra.

"We understand medical is a priority, but we are forced to shut down our unit. Iron ore prices shot up, now oxygen prices are going up; this is a double whammy for us," said yet another steel player, requesting anonymity.

An industrial unit in Tamil Nadu that manufactures paper also faced a similar issue. "District administration controls the supply of oxygen. With acute shortage like this, we cannot run the plant. We have shut down operations," he said.

"Several steel players in Nashik too are facing acute shortage of oxygen. However, as a breather, a day before, the collector of the district has sent a letter saying that the supply of oxygen will be restored for smaller companies soon," said a person representing the Nashik Industries & Manufacturers' Association. "For bigger players, oxygen is readily available, but we require smaller amounts and we are the most affected," the person quoted above added.

Steelmakers require several kilograms of oxygen in the steel melting process where oxygen reacts with impurities like carbon, silicon, phosphorus and sulphur in hot metal to produce steel. They also use oxygen for value-added ancillary services like scrap cutting, dilution of certain elements and laboratory uses.

Top steel players like JSW and SAIL said that they are cushioned by their own oxygen units. But they have received letters from the government enquiring about the capacities and to supply some units to the government. SAIL has so far supplied around 300-400 tonnes of oxygen to the government for medical purposes and JSW around 200 tonnes. In Dolvi and Vijaynagar, JSW can produce over 4,000 tonnes of oxygen per day. So it has enough to also contribute, said sources at JSW Steel.

BUSINESS LINE DATE : 3/10/2020 P.N.3

Commercial mining: Steel companies stay away from bidding for coking coal blocks

PRESS TRUST OF INDIA

Kolkata, October 2

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Of the four blocks with coking coal, a key raw material for manufacturing of the metal, two received bids from companies which do not make steel, they said.

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The government has in total put up for auction 38 coal blocks for commercial mining.

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Auctioning process

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NAVBHARAT(NAGPUR PLUS) DATE : 4/10/2020 P.N.3

IBM में हिंदी पखवाड़ा

नागपुर. भारतीय खान ब्यूरो में हिंदी पखवाड़ा 2020 का आनलाइन उद्घाटन किया गया. ब्यूरो के मुख्य खान नियंत्रक (प्रभारी) पी.एन. शर्मा ने अध्यक्षता की. पखवाड़े के दौरान हिंदी निबंध, टिप्पण आलेखन, हिंदी अनुवाद, तात्कालिक वाक एवं हिंदी शुद्धलेखन प्रतियोगिताओं का आयोजन ऑनलाइन रूप से किया गया. सभी प्रतिभागियों को एक ग्रुप के द्वारा जोड़ा गया. पखवाड़े के दौरान भारत सरकार की राजभाषा नीति के कार्यान्वियन एवं हिंदी के प्रचार-प्रसार व प्रगति के उद्देश्या को ध्यान में रखते हुए ऑनलाइन हिंदी कार्यशाला का आयोजन किया गया जिसमें 21 अधिकारियों एवं कर्मचारियों ने भाग लिया. कार्यशाला में ब्यूरो कार्यालय के राजभाषा अधिकारी डा. पी.के. जैन ने प्रौद्योगिकी का राजभाषा कार्यान्वयन में उपयोग विषय पर मार्गदर्शन किया. अभिनय शर्मा, मिताली चटर्जी, असीम कुमार, किशोर पारधी, प्रदीप कुमार सिन्हा, एन.एम. मोरे, ए.के. नाल्हेज नें योगदान दिया.

THE HITAVADA DATE : 5/10/2020 P.N.5

CIL's coal allocation to power sector under e-auction rises 8% in Apr-Aug

NEW DELHI, Oct 4 (PTI)

CIL's coal allocation under special forward e-auction for the power sector registered a rise of 8.4 per cent to 7.94 million tonnes (MT) in April-August period of the ongoing fiscal.

The state-owned company had allocated 7.32 MT of dry fuel in the corresponding period of the previous fiscal year, according to the monthly summary by the coal ministry for the Cabinet.

However, in August there was no coal allocation under the scheme, Coal India Ltd (CIL) said.

In August 2019-20, 0.62 MT coal was allocated to the power sector by the company, it said.

Coal distribution through forward e-auction is aimed at providing access to coal for such consumers who wish to have an

assured supply over a long period, say one year, through e-auction mode so as to plan their operation.

The purpose of the scheme is to provide equal opportunities to all intending coal consumers to purchase coal for own consumption through single window services as per requirement and at a price determined by themselves through the process of online bidding.

Forward e-auction is aimed at facilitating all the consumers of coal across the country with wide ranging choice for booking coal online, enabling them to buy dry fuel through a simple, transparent and consumer friendly system of marketing of the fossil fuel.

CIL is one of the major suppliers of coal to the power sector. The company, which accounts for over 80 per cent of domestic coal output, is eyeing 710 MT output in 2020-21.

The PSU is eyeing one billion tonne of output by 2023-24.

The company will pump over Rs 1.22 lakh crore in projects related to coal evacuation, exploration and clean coal technologies by 2023-24, to achieve 1 billion tonne of fuel output target, Coal Minister Pralhad Joshi had said.

DAINIK BHASKAR DATE : 5/10/2020 P.N.14

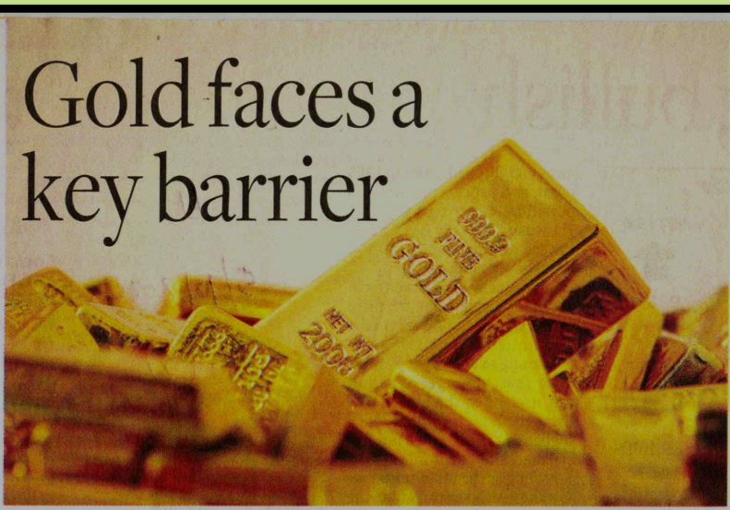
भारतीय खान ब्यूरो में हिंदी पखवाड़ा-2020 का आयोजन

नागपुर | हाल ही में भारतीय खान ब्यूरो के नागपुर मुख्यालय में हिंदी पखवाड़ा-2020 का ऑनलाइन आयोजन किया गया। पखवाड़े के दौरान हिंदी में निबंध, शुद्धलेखन, टिपण्णी आलेखन, हिंदी अनुवाद पर प्रतियोगिता ली गई थी। सभी स्पर्धकों को एक ग्रुप के माध्यम से जोड़ा गया था, इसमें ब्यूरो के करीब 22 प्रतियोगियों ने हिस्सा लिया व पुरस्कार हासिल किए। हिंदी के प्रसार व प्रगति के लिए 25 सितंबर को अधिकारी व कर्मचारियों के लिए वेबिनार के जरिए हिंदी कार्यशाला का आयोजन हुआ। कार्यशाला में कुल 21 अधिकारी एवं कर्मचारियों ने हिस्सा लिया। सभी कार्यक्रम को सफल बनाने के लिए मिताली चटर्जी, असीम कुमार, किशोर पारधी, प्रदीपकुमार सिन्हा, एनएम मोरे आदि ने प्रयास किया।

BUSINESS LINE DATE : 5/10/2020 P.N.8

Technical View

Gold faces a key barrier



ISTOCK.COM/MA-NO

December futures should move beyond ₹51,000 to establish sustainable rally

AKHIL NALLAMUTHU

Apart from precious metals, all other commodities declined last week. Energy commodities were the worst performers with crude oil, the largest component on the iCOMDEX composite index of the Multi Commodity Exchange of India (MCX), settling with a weekly loss of 4.4 per cent. But gold, the second-largest component, gained nearly 2 per cent.

Consequently, the composite index declined and ended lower at 9,613 versus the preceding week's close of 9,645. Though the yellow metal gained, it remains below a key resistance.

Crude oil might decline further. As a result, the index might fall during the forthcoming trading sessions.

MCX-Crude (₹2,837)

The October futures contract of crude oil on MCX fell last week after facing a critical resistance at ₹3,000. Notably, the price has dropped below the 21-day moving average (DMA), turning the outlook negative.

The price action shows that the contract is making lower highs, and indicates that further downside is on the cards.

In support of the bearish view, the daily relative strength index (RSI) has slipped below the midpoint level of 50, and the moving average convergence divergence (MACD) indicator on the daily chart lies in the bearish territory.

Considering the above factors, traders can take a bearish view and short the contract on rallies with a stop-loss at ₹3,000.

The price is likely to drop to ₹2,740 — a support level.

A breach of this level can drag the contract to ₹2,700. Resistances from the current level are at ₹3,000 and ₹3,070.

MCX-Gold (₹50,470)

The December futures contract of gold on MCX appreciated last week by taking support at ₹49,300. Even as the price crossed above the psychological level of ₹50,000, the contract faces a resistance at ₹51,000.

Scan & Share

The 21-DMA lies at this level, making it a significant hurdle. Hence, the contract should decisively breach this level to establish a sustainable rally.

The price action on the daily chart shows that the downtrend is tracing a falling channel where the contract has been forming lower highs and lower lows — a bearish indication.

Supporting this, the daily RSI is below the midpoint level of 50 and the MACD indicator stays in the negative territory.

Until the price remains below the 21-DMA, the likelihood of a decline is high.

Considering these factors, traders can sell the contract with a stop-loss at ₹52,000. The price could drop from the current level to ₹49,300.

A break below this level can drag the contract to ₹48,000.

MCX-Silver (₹61,145)

Like gold futures, the December futures of silver on MCX gained marginally last week. But considering the decline that the contract has been witnessing since early August, last week's upmove is minor and could be a corrective rally.

Moreover, the price stays below the 21-DMA, which indicates the short-term trend being negative. As long as the contract trades below the 21-DMA, the trend will be inclined to downtrend.

Corroborating the downward bias, the daily RSI is below the midpoint level of 50 and the MACD indicator is charting a downward trajectory and lies in the bearish territory.

Given these factors, traders can retain a bearish view and short the contract on rallies with a stop-loss at ₹65,000.

The price could deepen the fall to ₹58,000 and ₹56,500.

Resistance levels can be spotted at ₹63,400 and ₹65,000.

MCX-Copper (₹497.5)

The October futures contract of copper on MCX, which had been inching up for most part of last week, witnessed a sharp fall on Thursday. As a result, the price slipped below the key support of ₹510 and closed below the psychological level of ₹500.

This has turned the outlook negative for the contract; notably, it has closed in the red for two weeks in a row, indicating considerable bearish momentum.

Moving in tandem with the price, the daily RSI has fallen sharply and slipped below the midpoint level of 50.

It is showing a fresh downtick, hinting at the possibility of further depreciation in price.

Similarly, the MACD indicator has been moving along a downward trajectory and shows good bearish momentum.

Considering these factors, traders can go short on the contract on rallies with a stop-loss at ₹510. The price is likely to decline to ₹485 and then possibly to ₹475.

NCDEX-Chana (₹5,493)

Extending the rally, the price of October futures of *chana* on the National Commodities and Derivatives Exchange (NCDEX) went up last week. After registering an intra-week high of ₹5,570, the contract closed just below the important level of ₹5,500.

However, the major trend is bullish, and the price action has been rallying with substantial momentum. Hence, the chances of the contract posting more gains are high.

But there are a couple of indications that call for caution. One, the price level of ₹5,500 can act as a resistance; two, a loss of traction hinted by the daily RSI.

Nevertheless, it remains above the midpoint level of 50 and the MACD indicator is retaining its positive slope.

Considering these factors, traders can initiate fresh long positions with a stop-loss at ₹5,370 if the contract crosses over ₹5,500.

A breakout of ₹5,500 can take the contract to ₹5,700.

MCX Gold
Supports: ₹49,300/48,000
Resistances: ₹51,000/52,200

MCX Silver
Supports: ₹58,000/56,500
Resistances: ₹63,400/65,000

REVERSE BOOK BUILDING CLOSES FRIDAY

Tender Vedanta Shares at ₹170-200, Advise Analysts

Minority investors should seek at least book value without write-offs, they say

Our Bureau

Mumbai: Analysts have recommended the minority shareholders of Vedanta to tender their shares between ₹170 and ₹200 as against the floor price of ₹87.50. The reverse book building (RBB) process which started on Monday would close on Friday.

Thursday is the last day for upward revision or withdrawal of bids.

Domestic brokerage Emkay Global sees the fair value of ₹170 per share for delisting. "We note that given the high leverage at the Vedanta Plc, minority shareholders should seek a price which is at least equivalent to the nominal book value without considering the write-offs," said Vishal Chandak, analyst, Emkay Global. "Assuming a reversal of write-off due to the recovery in oil prices and adding back ₹42.76 per share, the revised book value should return to its original ₹189.63 per share."

The company has reduced the book value from ₹189.63 per share to ₹146.87 per share citing long-term concerns over oil prices after Covid-19 and further reduced to ₹89.38 per share as per the calculations of the Companies Act. However, the company did not reverse the write-offs despite crude prices doubling in the last five months.

"The floor price determined is at a steep discount to the current market price and as it is through reverse book building, investors should bid the shares at 20-25% higher from the current price as it will be difficult to achieve at the desired offered price mentioned," said Vikas Jain, analyst, Reliance Securities. "From the initial announcement of delisting in May 2020 the stock has moved up by 50% which indicates there is a lot of value for the business and the global metal prices are also in an upswing, recovering from their lows," he added.

Shares of Vedanta closed flat at ₹137.80 on Monday.

Corporate governance firm Stakeholders Empowerment Services (SES) recommends that shareholders must offer their shares keeping the range ₹236-310 in mind as each Vedanta share has 0.74 HZL share embedded, which itself is valued at ₹145.

Proxy advisory firm SES has recommended a price band of ₹260-310, accounting for embedded value of HZL in Vedanta stock

"Even if one offers a discount to the highest price for uncertainties, depressed economic environment, etc and gives a discount of 20-30%, the fair range comes to be anywhere between ₹200 and ₹250 at least, considering the value that is seen in the business," SES said in a report. "Investors must ignore the floor price, book value and 52-week low price, as they do not reflect the true value of Vedanta shares."

For the successful delisting, the promoters required minimum of 133.48 crore shares excluding ADRs held by public shareholders. The final exit offer price will be determined through eligible bids during the reverse book building process, which takes the shareholding of the promoter group to 90%.

LIC, the largest public shareholder held a 6.37% stake as on June 30, 2020. Three mutual funds ICICI Prudential, HDFC and SBI together owned 8.97% at the end of the June quarter.

SIMS MANDATE

Compulsory registration of steel imports evokes mixed reactions from industry

Will provide data on kind of items being imported, but will also delay shipments

SURESH P IYENGAR
Mumbai, October 5

The increase in number of items covered under the Steel Import Monitoring System (SIMS) from 250 items to 352 is expected to slow down imports and encourage consumers to source domestically.

The SIMS was introduced in November 2019 for 250 specified iron and steel items.

Under the SIMS, importers have to submit advance information through an online system and obtain an automatic registration number by paying a fee of ₹1 per thousand subjects to a minimum of ₹500 and maximum of ₹1 lakh on CIF value. The automatic registration number would be valid for 75 days.

Bhaskar Chatterjee, Secretary-General, Indian Steel Association, said the mandatory registration on imports will improve the quality of products being shipped in and will stop the dumping of defectives and seconds (re-used) steel. The circumvention of duty can also be plugged as few items are now being imported duty-free with minor value-addition in specific countries, he added.

Further, industry sources also believe that the compulsory registration of steel imports will help the industry collate data on the kind of items being imported and produce them domestically. The Steel Ministry has already proposed an incentive package of ₹3,350 crore under a production-linked incentive scheme and a phased manufacturing programme to boost the domestic production of the various grades of steel that are largely imported.

The number of items under SIMS has been increased to 352

The fear

Sanjay Gosh, President, Amey Enterprises, which sources steel products for various capital goods projects, says, "The expansion of the registration list for steel imports will lead to a delay in shipments and increase the cost of specialised steel products that are not produced in India..."

Some of the new items included in the list for mandatory registration include certain flat-rolled products, stranded wire, ropes, cables; certain items of springs and leaves for springs of iron and steel; tubes, pipes and hollow profiles; diesel-electric locomotives; and parts of railways.

Manoj Kumar Jain, Director, Prithvi Finmart, said the move will certainly impact steel imports, but will also boost the revenues of Indian steel companies, which are incurring a higher finance cost compared to their global peers.

Steel imports into India have dropped sharply due to the fall in demand due the Covid pandemic. In fact, most of the domestic steel producers had to export about 60 per cent of their production as domestic demand was weak. Steel imports plunged 52 per cent to 1.67 million tonnes during the first five months of the fiscal, while it dipped 81 per cent to 1,62,000 tonnes in August.

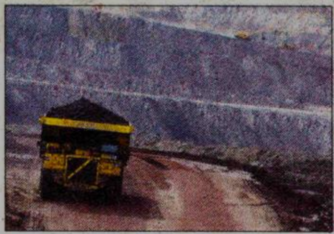
BUSINESS LINE DATE : 7/10/2020 P.N.5

CIL capex utilisation at Rs 5,023 cr in H1 of FY21

NEW DELHI, Oct 6 (PTI)

STATE-OWNED Coal India Limited (CIL) on Tuesday said, its capital expenditure was at Rs 5,023 crore in the first six months of 2020-21 financial year. The capex utilisation in April-September was at an all-time high of 118 per cent in the first half of any fiscal, the PSU said in a statement.

"Coal India's (CIL) capital expenditure at Rs 5,023 crore ending first half of the ongoing fiscal capped an all-time high of 118 per cent utilisation against the provisioned target of Rs 4,247 crore," the PSU said in a statement. "This is a historic high in capex utilisation as CIL has not exceeded 30 per cent target utilisation in the first half of a fiscal so far. The previous three year average of H1 capex utilisation



has been around 20 per cent," a senior official of the company said. CIL during April-September clocked a robust capex growth of 242 per cent compared to Rs 1,467 crore in April-September period of previous fiscal.

"Actual capex ending Q2 of the current fiscal at Rs 4,179 crore was up by Rs 3,165 crore compared to Rs 1,014 crore in the same quarter last year logging a whopping 312 per cent growth," the PSU said. In the second quarter as well, CIL achieved 118 per cent utilisation breaching the provisioned target of Rs 3,527 crore.

The Government had recently asked CPSEs, including CIL, to speed up their capital expenditure to boost growth especially by the end of the second quarter of 2020-21. CIL's capex spend during the first half of the ongoing fiscal was a little over half of the planned expenditure of Rs 10,000 crore for the full fiscal. Coal Minister Pralhad Joshi has been closely monitoring the progress of processes like land acquisition, setting up of rail logistics and associated infrastructure and mine development of especially mega mine projects and speeding them up.

Payments were made for acquisition of land post COVID unlock. Major high value tenders could be concluded on time and heavy earth moving equipment (HEMM) was procured.

BUSINESS LINE DATE : 7/10/2020 P.N.7

Lead at premium in MCX vis-à-vis LME

More producers are delivering their stock into the MCX warehouses

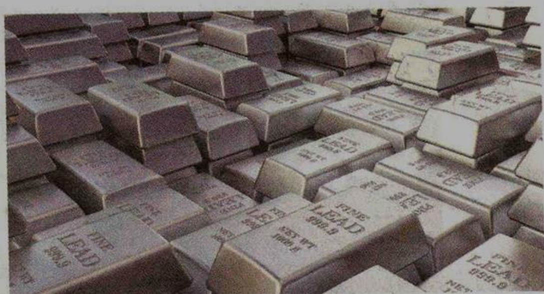
RAJALAKSHMI NIRMAL

Chennai, October 6

The inventory of lead has increased sharply at the Multi Commodity Exchange (MCX). A report on October 5showed that the total inventory in lead at the MCX warehouses was recorded at 1,077 tonnes, up 756 tonnes from the previous Monday (September 28). Talking to traders in the market, *BusinessLine* learnt that it was the high premium in the MCX, over LME prices, that saw more people interested in delivering their lead to the Indian exchange.

MCX-Lead is currently at a premium of $80-90 per tonne over the LME prices. Only a week ago, the premium was about $60 per tonne.

Sachin Muni, Managing Director of Kedar Metals, a company in the manufacture of lead-based chemicals for over 25 years, said:



MCX price includes premium, bank interests and a profit margin

"Indian manufacturers of lead won't break even at the current price of the LME of around $1,780/tonne; the price of battery scrap, which is a raw material for lead, is quoting at a high price in India because of shortage."

The LME price of lead, experts say, is just the base price; at the MCX, the quoted price includes the premium charged by manufacturers for the logistics and other costs, bank interests and a profit margin.

Lead supply is tight in India compared to the global market, because most of the manufacturers are running at about 60-70 per cent capacity, says Ashish Bansal, Managing Director, Pondy Oxides, because of "delayed supply in raw material and labour shortage" - which is a reason too for the premium price of lead in India.

BUSINESS LINE DATE : 7/10/2020 P.N.9

Coal mines auction: 'No data on job generation, revenue to States'

Ministry's reply to RTI says calculation was not based on any report, survey

AM JIGEESH

New Delhi, October 6

While at the launch of commercial coal mining auctions on June 18, Prime Minister Narendra Modi had said that the process will generate "lakhs of jobs," the Coal Ministry has said it does not have any report or calculation on job generation in this regard.

The Ministry said this in an RTI reply to an energy researcher and author, Sandeep Pai. Pai had sought details from the Ministry on employment and revenue generation from the auctioning of 41 coal blocks for commercial mining.

"It is informed that this office is not having any report/survey/white paper/consultancy report/calculation on the basis of which benefit of employment and revenue generation to the State government is calculated," the Ministry told Pai.

Narendra Modi, Prime Minister

Seeking information

Pai, in his query citing a press release by the Prime Minister's Office, said that Modi spoke about benefits to the country such as employment generation for more than 2.8 lakh people and a revenue contribution of ₹20,000 crore annually to State governments.

Pai told *BusinessLine* "T:hese benefits formed an important basis on which commercial coal mining was justified by the government. The RTI reply shows that the Coal Ministry does not seem to have any scientific study that is the basis for these claims. Ideally, the methodology of these claims for such an important policy should be made public."

On June 18, Modi had said that the steps taken towards commercial mining will be very helpful in providing employment to people in eastern and central India. "Auction of these coal blocks today will itself generate lakhs of jobs in this sector. Not only this, the infrastructure needed for coal extraction to transportation will also create employment opportunities. Recently, the government has taken a decision to spend ₹50,000 crore on creating such an infrastructure," the Prime Minister had said.

BUSINESS LINE DATE : 8/10/2020 P.N.7

COMMODITY CALL

MCX-Nickel in consolidation phase

AKHIL NALLAMUTHU

BL Research Bureau

Bears seem to have taken a pause as the October futures contract of nickel in the Multi Commodity Exchange (MCX), which has been on a downtrend since early September, has entered a sideways trend. In other words, the contract has largely been fluctuating between ₹1,040 and ₹1,080 for the last couple of weeks.

This indicates that the bears are losing momentum and further consolidation will increase the likelihood of a bullish reversal.

But the daily relative strength index, though showing a fresh uptick, lies below the midpoint level of 50 and the moving average convergence-divergence indicator is hovering in the bearish territory. Hence, the contract should breach the resistance at ₹1,080 in order to turn the outlook in its favour.

Immediately above ₹1,080, the contract can face a hurdle at ₹1,100. But a breakout will most likely take the price beyond that level. Subsequent resistance is at ₹1,135.

Since there are indications of a recovery, traders can go long in the contract with a stop-loss at ₹1,040 if it breaks out of the resistance at ₹1,080.

BUSINESS LINE DATE : 8/10/2020 P.N.7

Hindustan Zinc launches e-platform for non-ferrous metals

Pricing based on London Metal Exchange and London Bullion Market Association

OUR BUREAU
Mumbai, October 7

Vedanta Group company Hindustan Zinc has launched Evolve, India's first online buying platform for non-ferrous metals.

Evolve is designed to offer a three-click buying experience for zinc, lead, silver and acid on a single platform based on real-time pricing on the London Metal Exchange and London Bullion Market Association.

The buyers can opt for quantities as low as one tonne, which not only improve their working capital cycle but also enable smaller buyers to opt for premium quality at a significantly lower price.

Evolve aims for a hassle-free experience of buying metals online

Integrated solutions

Arun Misra, CEO, Hindustan Zinc, said the platform will help customers, especially MSMEs, with a hassle-free experience of buying metals online with the convenience of opting for smaller quantities and dynamic pricing.

Evolve would also facilitate in creating a daily rupee-denominated benchmark price in the Indian market. It will also offer integrated solutions, including KYC for customer on-boarding, GST integration, SAP integration for credit management and accounting, and auto hedging (in collaboration with JP Morgan), said the press release from the company.

Harsha Shetty, CMO, Hindustan Zinc, said the platform will reduce its cost of buying significantly and will aid the competitiveness of MSMEs in India.

BUSINESS LINE DATE : 8/10/2020 P.N.7

Iron ore exports scale new heights amid strong demand from China

In the last two months, 95% of exports were to the neighbouring country

SURESH P IYENGAR
Mumbai, October 7

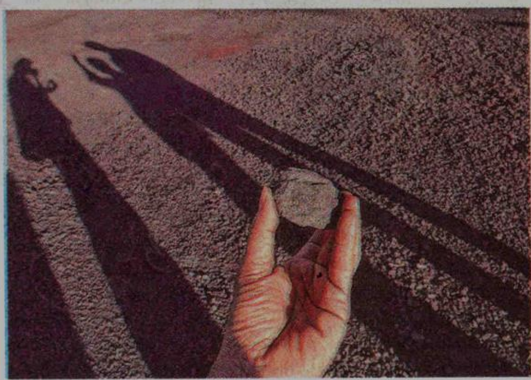
Iron ore exports have reached new highs in the last two months on the back of strong demand from China.

Export shipments of iron ore in September were four million tonnes against 1.14 million tonnes in the same month last year. Over August 2020, the shipments were up 3 per cent.

Odisha miners have been booking orders since the end of July for shipments in September on the back of a spike in prices globally. The monthly average global price of iron ore fines (Fe 62 per cent) exported to China increased to $122 a tonne CFR (cost and freight) in August, as against $107 a tonne in July. Further, the average price increased to $124 a tonne (CNF China) in September.

While earlier, China had cut iron ore imports from India due to the simmering border conflict between both the countries and increased iron ore imports from Australia, in the last two months, the dragon has started buying again from India on a large scale — China accounted for 95 per cent of iron ore exports from India during this period, while shipments to Japan and South Korea stood at 0.07 million tonnes each.

Steel companies have been increasing prices for the last four months due to the increase in iron ore prices.



Industry participants who do not have captive iron ore mines could face availability and price risks in the near term

Iron ore availability

Iron ore prices in India could rise further, with only five out of the 19 Odisha iron ore mines which were auctioned in March are operational as of date amid a high export demand, said India Ratings and Research.

Moreover, the one-month extended deadline for previous mine owners to exhaust their inventory ends this month.

Iron ore availability in the second half of this fiscal would depend on the pace at which new merchant miners in Odisha ramp up their output and ex-mine owners dispose off the accumulated stock and export demand, said the Ind-Ra report.

Industry participants who do not have captive iron ore mines could face risks in iron ore availability and price in the near term.

One thing that could ease supplies and soften international iron ore prices is the news of the rise in iron ore exports from Brazil in September.

Also, Vale, one of the largest miners, has announced resumption of operations at the Viga concentration plant, which would bring 11,000 tonnes of fines per day back into the market.

BUSINESS LINE DATE : 9/10/2020 P.N.9

'Iron ore export scam caused ₹12,000-cr loss to govt'

OUR BUREAU

New Delhi, October 8

The Opposition Congress has alleged rampant corruption in export of iron ore and has demanded the Centre to give a list of companies that received export licence since 2014.

Congress spokesman Pawan Khera told reporters here on Thursday that after the Narendra Modi government came to power in 2014, all rules and laws regarding iron ore export "were thrown out the window".

"In 2014, the Steel Ministry of India removed the 64 per cent 'Fe (iron) concentration cap' on iron ore and along with that gave Kudremukh Iron Ore Company Limited (KIOCL) the permission to export iron ore to countries such as China, Taiwan, South Korea and Japan," he said.

He asked the Centre whether it has questioned any private entity regarding their illegal dealings *vis a vis* iron ore export. "Why was high quality iron ore with greater than 64 per cent iron concentration allowed to be exported contrary to earlier practices? Which all private firms have exported iron ore without permission since 2014? A detailed list must be made public," he demand.

Khera asked the Centre to reveal the action that has been initiated, if any, against the officials of the Steel Ministry who allowed illegal export to take place. "Was the change in policy of removing export duty for iron ore pellets done in consultation with all stakeholders?," he added.

He said only Metals and Minerals Trading Corporation of India (MMTC) was allowed to export iron ore till 2014 and even they were not allowed to export ore with more than 64 per cent concentration of Fe. The export cap was to ensure sufficient supply of high quality iron ore to facilitate the growth of indigenous steel plants, he added.

Khera alleged several private firms have indulged in the export of iron ore pellets, escaping duty on these exports and earning immeasurable profits since 2014.

Loss to exchequer

"It is estimated that these private firms have exported iron ore worth ₹ 40,000 crore since 2014 violating the law as they did not have the licence to export the ore. Even private firms that had captive iron ore mines, in collusion with ministry officials started exporting iron ore pellets, all this happened under the nose of the central government," he claimed. He said by not paying the export duty the private players have robbed the government of around ₹12,000 crore in duty fee. "Under the Foreign Trade Development and Regulation Act 1992, they are liable to pay a penalty of ₹2,00,000 crore," he said citing government papers.

LOKMAT DATE : 9/10/2020 P.N.2

मोदी सरकारने एमएमटीसी संपवून भांडवलदार मित्रांसाठी खुली केली

कच्च्या लोह खनिजाच्या निर्यातीत १२ हजार कोटींचा घोटाळा -काँग्रेस

शीलेश शर्मा

लोकमत न्यूज नेटवर्क

नवी दिल्ली : पंतप्रधान नरेंद्र मोदी सत्तेत आल्यानंतर २०१४ पासून आतापर्यंत लोह खनिजाची निर्यात करुन देशातील अनेक कंपन्यांनी १२ हजार कोटी रुपयांची केलेली निर्यात शुल्काची चोरी उघडकीस आली आहे.

उच्चपदस्थ सूत्रांनुसार निर्यात शुल्क चोरी शक्य झाली कारण मोदी सरकारने विदेश व्यापारासंबंधी कायदे मोडून बदलल्यामुळे. २०१४ च्या आधी लोह खनिजाच्या निर्यातीची अनुमती फक्त सार्वजनिक क्षेत्रातील संस्था एमएमटीसीला होती. ती मोदी सरकारने संपवून आपल्या भांडवलदार मित्रांसाठी खुली केली.

एवढेच नाही तर २०१४ च्या आधी लोह खनिजावर असलेला ३० टक्के निर्यात शुल्कही समाप्त केला गेला. पोलाद मंत्रालयाने सगळ्यात आधी २०१४ मध्ये ६४ टक्के कन्सट्रेशनचा नियम बदलला आणि कुद्रेमुख आयर्न ओर कंपनीला चीन, तैवान, दक्षिण कोरिया आणि जपानमध्ये लोह खनिजाच्या निर्यातीला अनुमती देऊन टाकली. लोह खनिजावर ३० टक्के शुल्क कायम राहील; परंतु जर कंपनी या खनिजाला छऱ्यांच्या रूपात निर्यात करीत असेल तर हे शुल्क लागू होणार नाही.

शेवटी जबाबदार कोण?

काँग्रेसचे प्रवक्ते पवन खेडा यांनी विचारले की, २०१४ पासून आतापर्यंत कोणत्या यंत्रणेने या चोरीची तपासणी केली का, सरकारने कोणती कारवाई केली, कोट्यवधींच्या घोटाळ्यात नैसर्गिक संसाधनांची जी उघड लूट झाली त्याला शेवटी जबाबदार कोण?

THE ECONOMIC TIMES
DATE : 9/10/2020 P.N.6

Vedanta Delisting: 73.76 cr Shares Tendered So Far

New Delhi: With just one day remaining for the close of the reverse book building exercise, just over 73.76 crore shares of Vedanta have been tendered in the buyback offer made by promoters to delist the company. A total of 134 crore shares or 86% of 169.73 crore shares held by public shareholders need to be tendered for the delisting to succeed.

According to data available from stock exchanges, 73.76 crore shares have been offered at price ranging from ₹87.25 to ₹999 apiece. — **PTI**

BUSINESS LINE DATE : 10/10/2020 P.N.2

In possible signs of revival, Q2 output rises at JSW, Tata Steel

Steel majors also see jump in sales

OUR BUREAU

Mumbai, October 9

In an early sign of turnaround in economy, the country's largest steel producers, JSW Steel and Tata Steel, have reported a sharp jump in production and sales in the September quarter.

JSW Steel's production was up 30 per cent at 3.85 million tonne (mt) in Q2, against 2.96 mt in Q1. Its output was marginally higher compared to 3.84 mt in Q2 FY20.

JSW Steel's flat product output was up 38 per cent at 2.84 mt, against 2.05 mt logged in Q1. Its long products output increased 69 per cent to 0.77 mt (0.45 mt).

With this, JSW Steel said it has achieved average capacity utilisation of 86 per cent in the September quarter in line with the pre-Covid level of 85 per cent (year's Q2). This is a quantum jump from capacity utilisation of 66 per cent for Q1 FY21, which was impacted by the pandemic, it said.

Tata Steel's plant in Jamshedpur. The company saw record quarterly sales of 5.05 mt in the September quarter, a 72 per cent growth over 2.93 mt in the June quarter AFP

Tata Steel reported that its domestic production in Q2 FY21 was up 54 per cent at 4.59 mt against 2.99 mt in Q1 FY21 and up 2 per cent against 4.5 mt in Q2 FY20.

It recorded its highest-ever quarterly sales of 5.05 mt in Q2, which was a 72 per cent raise over 2.93 mt in Q1 FY21. Its sales stood at 4.13 mt in Q2 FY20.

Tata Steel ramped up its steel-making and downstream operations in India back to pre-Covid levels, with all major sites operating at near full capacity utilisation, it said.

The company reduced exports to 24 per cent of overall sales and sharply ramped up domestic deliveries to 3.86 mt which translated to an increase of 164 per cent QoQ and 10 per cent YoY.

In Europe, macroeconomic and steel demand recovery is more gradual. Tata Steel Europe's output and sales were down by 12 per cent and 14 per cent, respectively, at 2.15 mt and 1.98 mt, against 2.45 mt and 2.29 mt logged in the September quarter last year.

ECONOMIC TIMES DATE : 10/10/2020 P.N.7

Steel Cos Ramp Up Production as Domestic Demand Returns

Bhavya.Dilipkumar@timesgroup.com

Mumbai: India's leading steelmakers have ramped up production to either pre-Covid levels or more in the September quarter, with capacity utilisation levels touching an average 85% amid a strong recovery in domestic demand. At Tata Steel, local crude steel production rose 2% year-on-year and around 54% from the previous quarter to 4.59 million tonnes.

"Tata Steel India ramped up its steelmaking and downstream operations back to the pre-Covid level, with all major sites operating at around full capacity utilisation," the company said in a statement on Friday.

Going Strong

Companies	Production (Q2 FY21)	Production (Q2 FY20)
Tata Steel	4.59 MT	5.50 MT
JSW Steel	3.85 MT	3.84 MT
JSPL	2.35 MT	1.99 MT
SAIL (*Saleable Steel Production)	3.7 MT	3.5 MT

State-owned Steel Authority of India Ltd (SAIL) registered growth of 5.2% year over year in saleable steel production, while crude steel output rose 54% from the April-June quarter. The company said its utilisation levels were nearing pre-Covid levels.

"SAIL has been witnessing a better sales performance which started in June'20. This has led to the company's H1 (first half) sales of FY2020-21 bounce back to the levels achieved during the current period last year," chairman Anil Kumar Chaudhary said.

JSW Steel has increased crude steel production by 0.2% Y-o-Y, and 30% Q-o-Q at 3.85 million tonnes. The company has also achieved a capacity utilisation of 86% in the July-September quarter from 66% in the previous three-month period.

"Increase in capacity utilisation is in-line with the pre-Covid level of 85% last year. This is a quantum jump from utilisation levels of 66% in Q1 of FY21," JSW Steel said while announcing its production numbers.

Jindal Steel & Power (JSPL) reported consolidated production growth of 18% year-on-year at 2.35 million tonnes for the September quarter. The company's sales went up 30% to 2.41 million tonnes. On the back of strong domestic demand, hot rolled coil steel prices in the local market rose ₹1,050 per tonne on average this week, reflecting the hike of ₹1,500–2,000 per tonne taken by major domestic steel players.

BUSINESS LINE DATE : 10/10/2020 P.N.9

In a first, GSFC starts selling locally-made calcium nitrate soluble fertiliser to cut imports

RUTAM VORA

Ahmedabad, October 9

In a major push for Atmanirbhar Bharat (self-reliant India), chemicals major Gujarat State Fertilizers & Chemicals Limited (GSFC) has started selling locally made calcium nitrate — a water-soluble fertiliser, that has been fully imported so far.

Raw materials in-house

Building on its capabilities to make caprolactam and its by-product nitric acid, GSFC has found it viable to make calcium nitrate. The first consignment of the locally-made calcium nitrate and boronated calcium nitrate from its facility near Vadodara was sent to Solan in Himachal Pradesh and Bhavnagar in Saurashtra.

Union Minister of State for Chemicals and Fertilisers, Mansukh Mandaviya launched the product online. "We identified about 79 chemicals where import substitution could take place. Of these, for 39 chemicals, we are 70-100 per cent dependent on imports. GSFC has identified 21 products that it could make in India and take a big leap to achieve the goal of Atmanirbhar Bharat," the minister said in his video address.

GSFC will start with a capacity of 5,000 tonnes per annum and take it to 25,000 tonnes in a year

"We are planning to move all fertiliser plants in this direction and make the fertiliser-based chemical sector self-reliant," he added. Calcium nitrate is a water soluble fertiliser. India consumes about 1.25 lakh tonnes of calcium nitrate worth ₹225 crore per year, which is completely imported and about 76 per cent of that comes from China. Initially, GSFC will start with a capacity of 5,000 tonnes per annum and take it to 25,000 t in one year. "A new plant has to be set up for this. Gradually, over a period of three years, we hope to cover 50 per cent of India's market share in this product," Arvind Agarwal, CMD, GSFC, told *BusinessLine* after the launch.

Of the 21 identified products for import substitution, five, including the recently-launched methanol and calcium nitrate, will be launched before March 2021. "Eleven of these are pharma and biotech intermediate products, one is commodity, one is a fertiliser and the rest are chemical products," said Agarwal.

Over the next 30 months, the company looks to substitute ₹3,000-crore worth of imports through these 21 products. An estimated ₹2,000 crore investment has been earmarked for it.

BUSINESS LINE DATE : 12/10/2020 P.N.7

Hindustan Zinc launches e-platform for metals

Vedanta Group company Hindustan Zinc has launched Evolve, India's first online buying platform for non-ferrous metals. Evolve is designed to offer a three-click buying experience for zinc, lead, silver and acid on a single platform based on real-time pricing on the LME/ LBMA.

The buyers can opt for quantities as low as one tonne, which not only improve their working capital cycle but also enable smaller buyers to opt for premium quality at a significantly lower price, the firm claimed.

Arun Misra, CEO, Hindustan Zinc, said the platform will help customers, especially MSMEs, with a hassle-free experience of buying metals online with the convenience of opting for smaller quantities and dynamic pricing.

Evolve would also facilitate in creating a daily rupee-denominated benchmark price in the Indian market.

It will also offer integrated solutions, including KYC for customer on-boarding, GST integration, SAP integration for credit management and accounting, and auto hedging (in collaboration with JPMorgan).

BUSINESS LINE DATE : 12/10/2020 P.N.7

Moody's revises outlook on steel sector to stable

Moody's Investors Service has revised its outlook on the global steel industry to stable from negative on the back of pick-up in demand after the Covid-related lockdowns worldwide.

Though resurgence of the virus is still a key risk for steel-makers, supporting industries have resumed production as different countries ease restrictions imposed to curb the spread of Covid-19.

"Demand for steel is improving on a resumption of production in important markets and on stronger global economic data, particularly in China," said Carol Cowan, Senior Vice-President, Moody's. After pandemic-related shutdowns, production is now ramping up in the automotive and industrial sectors, said Cowan.

Meanwhile, the construction sector, the largest consumer of steel worldwide, has remained resilient throughout the pandemic and even picked up in countries with infrastructure-focussed stimulus programmes, such as those in China. However, decreasing backlogs and declining new bids are risks for the construction industry in 2021.

Many important steel-consuming regions will follow a similar pattern, with the exception of China, which will see GDP grow by 1.9 per cent in 2020 and by 7 per cent in 2021, it said.

Capacity utilisation is improving but still remains below pre-pandemic levels as the recovery lags in some regions and sectors, Moody's said.

BUSINESS LINE DATE : 12/10/2020 P.N.9

VISUALLY

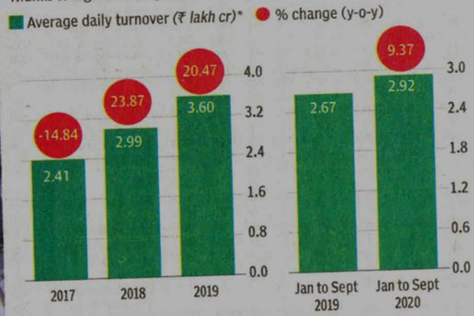
Safe-haven metals save the day for bourses

BAVADHARINI KS

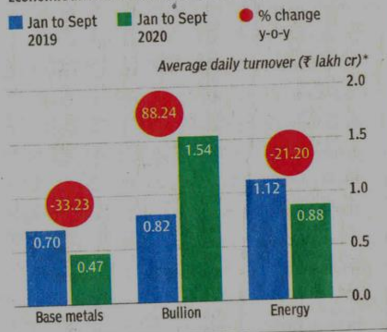
The outbreak of Covid-19 in March this year impacted the volumes in commodities exchanges. However, with many taking the safe-haven route, gold and silver contracts saw good participation from investors/traders. Agri-based contracts are yet to recover, though

MCX remains unscathed

Thanks to higher trading in bullion contracts

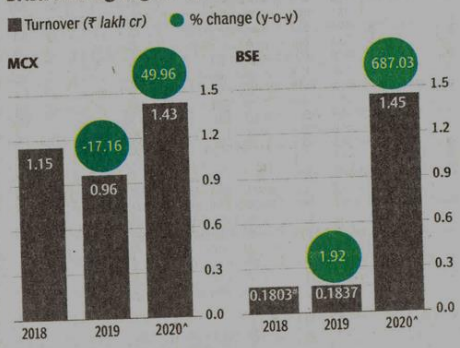


Economic uncertainties limit interest to gold and silver



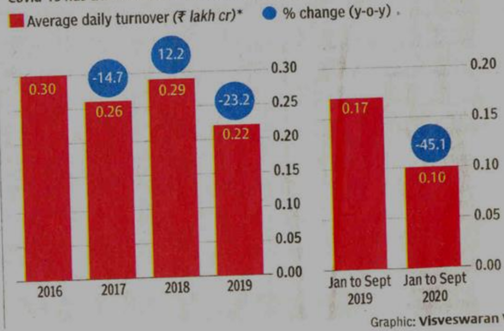
Gold futures glitter on BSE

Brisk trading in gold options



NCDEX hit hard

Covid-19 has exacerbated the already declining volumes



Graphic: Visveswaran V

Source: BSE, MCX, NCDEX *Futures contracts ^Jan 1 - Sep 30, 2020 #from Oct 10, 2018

BUSINESS LINE DATE : 12/10/2020 P.N.9

China's aluminium import boom may herald rift

Could further polarise market into parallel universes — China and rest of the world

ANDY HOME

China's imports of unwrought aluminium rose again in August, extending a rare inversion of normal trade patterns.

Combined imports of primary metal and unwrought alloy totalled 3,93,000 tonnes, just shy of the previous record of 3,94,000 tonnes in April 2009.

For the second consecutive month the world's largest producer was a net importer of aluminium in all forms.

It's no coincidence that the only reference point for such high imports is the global financial crisis. That was the last time aluminium demand experienced the sort of hit now being generated by the Covid-19 pandemic.

Now, as then, China's recovery is proving faster and more powerful than anywhere else.

China's smelters are responding by lifting production, even while output in the rest of the world is sliding.

If history is repeating itself, it will mean a further polarisation of the global aluminium market into two parallel universes — China and the rest of the world.

That spells more trade tension ahead.

Import boom rolls on

China's imports of primary aluminium accelerated further in August to 2,48,000 tonnes from July's 1,85,000 tonnes.

The record monthly high in April 2009 was 3,62,000 tonnes. Cumulative imports this year have reached 5,95,000 tonnes, compared with 1.45 million tonnes in 2009, the only point of historical comparison.

However, a key difference between past and present crises is the simultaneous surge in imports of unwrought aluminium alloy. Cumulative net imports this year total 6,53,000 tonnes.

China remained a net exporter of this form of aluminium in 2009, to the tune of 21,000 tonnes.

While flows of both types of aluminium have been determined first and foremost by an import-positive arbitrage window between London and Shanghai markets, the step-change in alloy trade may be more structural.

Alloy is largely produced from scrap metal and it seems no coincidence that imports have been rising just as China's scrap imports decline because of a tightening of purity restrictions.

Scrap flows from both the US and Europe have been redirected to other Asian countries for remelt into alloy.

It's a moot point whether China's scrap imports, which have slumped by 51 per cent this year, will ever fully recover, even if the country delivers on its promise to exclude higher-grade material from its current import ban.

Imports of primary metal will wane as the arbitrage window closes, but imports of alloy could stay above historical norms going forward.

Parallel universe

LME aluminium, trading at about $1,770 a tonne, is down 2 per cent on the start of the year, while the most active Shanghai contract was up by 11 per cent ahead of this week's public holiday.

Underlying this divergence is China's relatively swift exit from coronavirus lockdown and Beijing's infrastructure-heavy stimulus package.

Most of the rest of the world is struggling to stage a similar recovery.

Chinese aluminium consumption is expected to contract by a marginal 0.25 per cent this year, while the rest of the world will experience a 14.5 per cent slump, according to research house CRU.

That would translate into a small supply-demand surplus of 900,000 tonnes in China and a much larger 2.9 million tonnes in the rest of the world, CRU's latest assessment shows.

No surprise then that Chinese smelters are starting to ramp up production, while those in the rest of the world are back in survival mode in the face of low prices. REUTERS

Contrast

Chinese smelters are starting to ramp up production, while those in the rest of the world are back in survival mode in the face of low prices.

BUSINESS LINE DATE : 12/10/2020 P.N.9

Gold tests a crucial resistance

The December futures should break above ₹51,000 for the trend to turn bullish

AKHIL NALLAMUTHU

The commodity market was bullish last week and consequently the iCOMDEX, the composite index on the Multi Commodity Exchange of India (MCX), gained 3.2 per cent. This was mainly backed by a strong rally in the price of crude oil, the largest component of the index.

But notably, the bullions underperformed the base metals and the energy commodities as the gain was comparatively small.

Crude oil and gold are hovering around their respective resistance levels. So, going forward, the movement in the composite index largely depends on how these two commodities react to the resistance.

MCX-Crude (₹2,960)

The October futures contract of crude oil on MCX, which had declined towards the end of September, recovered swiftly last week. The contract rallied after registering an intra-week low of ₹2,760 and went past the 21-day moving average (DMA).

Following this, the daily relative strength index (RSI) is showing a fresh uptick and the moving average convergence divergence indicator (MACD) on the daily chart has taken an upward trajectory.

While there are several indications that hint that the rally is likely to continue in the upcoming sessions, the contract faces a critical resistance at ₹3,000. Unless it decisively breaches this level, the rally may not be sustainable.

Hence, traders can wait for now and initiate fresh long positions if the contract breaks out of ₹3,000. On the upside, the contract can advance to ₹3,160.

Beyond this level, it can rise to ₹3,260. Supports from the current levels are at ₹2,860 and ₹2,740.

Scan & Share

MCX-Gold (₹50,817)

Though the December futures contract of gold on MCX posted a marginal gain last week, the price action remained sluggish.

Currently trading at around the 21-DMA, the contract faces a substantial resistance at ₹51,000. That is, even though the long-term trend is bullish, ₹51,000 holds the key in the short run, and the price should breach this level to turn the trend in its favour.

Since the trend has been largely flat recently, the daily RSI is hovering in the neutral region.

Similarly, the MACD indicator on the daily chart remains flat, but it lies in the negative territory.

Considering the prevailing price action, traders can stay on the fence and wait for the contract to breach ₹51,000 before initiating fresh longs, i.e., buy the contract with a stop-loss at ₹50,000 if it breaks out of the resistance at ₹51,000.

In this case, the contract is likely to rally to ₹52,200. The subsequent resistance is at ₹53,500.

A notable support below ₹50,000 is at ₹49,300.


GETTY IMAGES/ISTOCKPHOTO

MCX-Silver (₹62,884)

Like gold futures, the December futures of silver on MCX gained marginally last week. However, the contract could not breach a resistance at ₹63,400 – the price should move above this level for it to shift the trend upwards.

The 21-DMA coincides at ₹63,400, making the resistance stronger. Both the RSI and the MACD indicators on the daily chart have been flat since the beginning of the current month, indicating a lack of trend.

Given the aforementioned factors, traders can stay on the sidelines for now. Initiate fresh long positions on the contract with a stop-loss at ₹60,000 if it breaks out of the resistance at ₹63,400. Above ₹63,400, the price is likely to rise towards the resistance of ₹66,000.

The subsequent resistance is at ₹67,500 — the 50-DMA. Support from the current levels can be spotted at ₹60,000 and ₹57,500.

MCX-Copper (₹528.1)

The October futures contract of copper on MCX, which seemed to have turned the trend bearish, invalidated the breakdown as it witnessed a sharp recovery over the past week. As a result, the contract has moved back above the important level of ₹510 and rallied above 21- and 50-DMAs.

Hence, the bulls seem to have regained traction and are likely to take the contract higher.

Corroborating the bullish bias, the daily RSI is showing a fresh uptick and lies above the midpoint level of 50.

The MACD indicator on the daily chart, which was on a downward trajectory, has turned upwards. Also, it stays in the bullish region.

Since the major trend is bullish and there are signs of renewed upward momentum, the contract is likely to cross over the prior high of ₹532.6. Hence, traders can go long on declines with a stop-loss at ₹510. In the near term, the price is likely to touch ₹545. The support below ₹510 is at ₹500.

NCDEX-Cocudakl (₹1,876)

The December futures contract of cottonseed oilcake on the National Commodities and Derivatives Exchange (NCDEX), which had been trading in a sideways trend between ₹1,785 and ₹1,850 for the past three weeks, broke out of the range last week.

This has opened the door for further strengthening. Supportive of the positive bias, the daily RSI moved over the midpoint level of 50 last week; the MACD indicator on the daily chart, whose slope has been positive, has entered the bullish region.

Considering these factors, traders can take a bullish view and initiate fresh long positions on dips with a stop-loss at ₹1,800.

On the upside, the nearest resistance the contract is likely to face is the psychological level of ₹2,000. The subsequent resistance can be ₹2,030.

Supports from the current level are at ₹1,850 and ₹1,800.

MCX Gold
Supports: ₹50,000/49,300
Resistances: ₹51,000/52,200

MCX Silver
Supports: ₹60,000/57,500
Resistances: ₹63,400/66,000

THE TIMES OF INDIA
DATE : 13/10/2020 P.N.9

Vedanta sinks 21% on flop delisting offer

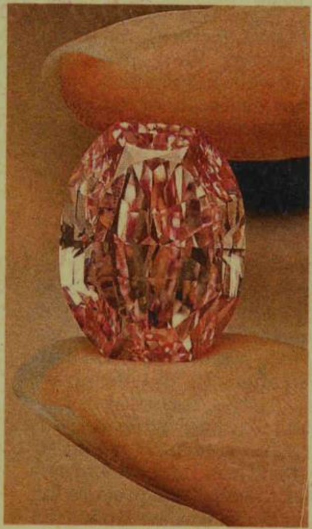
Times News Network

Mumbai: A day after metals major Vedanta, which is majority owned by the UK-based Anil Agarwal, announced that its delisting offer had failed, the stock crashed to its lower circuit limit at 25% in early trades on the BSE and closed 21% down at Rs 97, mainly because of speculative unwinding.

Market players said that in the run-up to the delisting offer's opening, a large number of speculators had amassed the stock, expecting a much higher final price than the delisting floor price of Rs 87. Since the delisting failed, these speculators dumped the stock to limit their losses, which resulted in the crash.

THE ECONOMIC TIMES DATE : 13/10/2020 P.N.9

Super Rare, Purple-Pink Diamond Up for Auction



An extremely rare, vivid purple-pink diamond mined in Russia is expected to fetch up to $38 million when it goes under the hammer on November 11, the auction house Sotheby's said on Monday. The oval gem, which is named after a Russian ballet 'The Spirit of the Rose', is the largest of its kind to be offered at auction. The trend for coloured stones has increased as an asset class by the superrich in recent years. Mined by Russian diamond producer Alrosa, the 14.83-carat diamond was cut from the largest pink crystal ever found in Russia, Sotheby's said. "The occurrence of pink diamonds in nature is extremely rare in any size. Only one percent of all pink diamonds are larger than 10 carats," said Gary Schuler, worldwide chairman of Sotheby's jewellery division. The gem is being shown in Hong Kong, Singapore and Taipei before being auctioned in Geneva on November 11. Reuters

BUSINESS LINE
DATE : 13/10/2020 P.N.7

COMMODITY CALL

MCX-Lead breaches a key hurdle

AKHIL NALLAMUTHU
BL Research Bureau

The October futures contract of lead in Multi Commodity Exchange (MCX) had been on a decline since early September. However, after making a low of ₹141.6 last week, it has reversed the direction upwards. Consequently, the contract has crossed over a strong resistance at ₹148, where the 21-day moving average and the 38.2 per cent Fibonacci retracement level of the prior downtrend coincide, opening the door for further strengthening.

Supporting the positive outlook of the contract, the daily relative strength index has started moving on the upside and last week, it went past the midpoint level of 50. The moving average convergence divergence indicator in the daily chart, which has been pointing downwards, has turned the trajectory upwards. Also, the price action is showing signs of considerable bullish momentum.

Given the above factors, the contract will most likely rally from the current levels. The first roadblock it can face is at ₹154. Beyond that level, ₹158 can act as a strong hurdle. Hence, traders can initiate fresh long positions in dips with stop-loss at ₹145.

BUSINESS LINE
DATE : 13/10/2020 P.N.3

Gem, jewellery exports dip 27% as pandemic robs the glitter

OUR BUREAU
Mumbai, October 12

Gem and jewellery exports in September declined by 27 per cent to $2.47 billion in September against $3.39 billion logged in the same period last year, on the back of Covid pandemic hitting demand for luxury items.

In rupee terms, it was down by 25 per cent to ₹18,144 crore (₹24,157 crore).

The overall exports in the six months of this fiscal plunged 43 per cent to $8.48 billion against $14.87 billion in the same period last year, while in rupee terms it dipped 39 per cent to ₹63,340 crore (₹104,295 crore).

Cut and polished diamond exports were down 20 per cent at $1.56 billion ($1.95 billion) and 17 per cent to ₹11,495 crore (₹13,875 crore).

Gold jewellery exports more than halved to $481 million ($1.07 billion) as high prices depressed jewellery sales. In rupee terms, it dropped 54 per cent to ₹3,532 crore (₹7,626 crore).

Yearly trend depressing

Cut and polished exports in first of this fiscal dropped 37 per cent to $5.50 billion (₹41,098 crore).

Gold jewellery shipments dived 66 per cent to $1.33 billion (₹9,927 crore) against $3.97 billion (₹27,945 crore).

However, silver jewellery exports were up 80 per cent to $864 million.

Coloured gemstone exports declined 63 per cent to $65 million (₹485 crore) from $176 million (₹1,237 crore).

Imports down

Gem and jewellery imports halved to $4.23 billion ($8.89 billion) between April and September.

Rough diamonds' buying halved to $2.56 billion ($5.90 billion), while those of cut and polished increased 59 per cent to $950 million ($598 million).

Jindal Aluminium seeks Centre's support for downstream industry

SURESH P IYENGAR

Mumbai, October 12

Jindal Aluminium, one of the largest downstream product producers, has urged the government to remove the import duty on primary aluminium to encourage domestic value addition and help the survival of downstream MSME producers, particularly when the demand is reviving post pandemic.

Primary aluminium producers sell their products in India at import parity price including the import duty.

Primary aluminium in India is sold at LME prices with an additional charge of 8.25 per cent import duty and premium of 4-5 per cent towards clearing and forwarding charges.

Chinese dumping

The demand for aluminium in India is suppressed and adversely affected by an additional cost of about 13 per cent and a huge quantity of downstream products dumped by China, said Jindal.

> *"Since primary aluminium is made in India, why should the Indian downstream producers pay a global premium?"*
>
> **PRAGUN JINDAL KHAITAN**
> MD and Vice-Chairman, Jindal Aluminium

Pragun Jindal Khaitan, Managing Director and Vice-Chairman, Jindal Aluminium, said the government should withdraw the undue protection for primary aluminium producers and help the domestic downstream industry thrive.

The pricing disparity puts an acute cost pressure on MSMEs and makes them uncompetitive in global markets, he said. "Since primary aluminium is made in India, why should the Indian downstream producers pay a global premium? This is an unnecessary price protection for the aluminium made in our own country."

About 50 per cent of valuable primary aluminium produced using the country's mining wealth is exported from the country while secondary products such as extrusions, sheets and foils are dumped by neighbouring countries, taking advantage of free trade agreements and incentives given in the exporting countries, said Khaitan.

The unorganised downstream industry faces stiff competition due to low entry barriers and dumping of aluminium downstream products from nearby countries such as China.

The customs duty should be lower at the raw material stage and increased along the value chain. This structure increases value addition within the country by consuming domestic raw material, boosts industrialisation and increases employment, said Khaitan.

BUSINESS LINE DATE : 13/10/2020 P.N.2

District Mineral Fund collections bounce back from lockdown lows

Rebound reflects recovery in mineral production across the country

DATA FOCUS

TWESH MISHRA

New Delhi, October 12

Monthly collections in District Mineral Funds (DMF) have recovered significantly from their lockdown lows, with the gap between collections during 2020 and 2019 narrowing by September-end.

According to data shared by the Ministry of Mines, countrywide DMF collections last month stood at ₹718.46 crore, up from ₹417.29 crore in May, when the country was in the throes of the Covid-19 lockdown.

But compared to the ₹770.99 crore accrued in September 2019, the collections trailed by 6.81 per cent year-on-year.

Under the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY), mining companies have to make a contribution for the development of districts where mining activities take place, over and above their royalty payments.

These DMF collections, therefore, are directly linked to the country's mineral output.

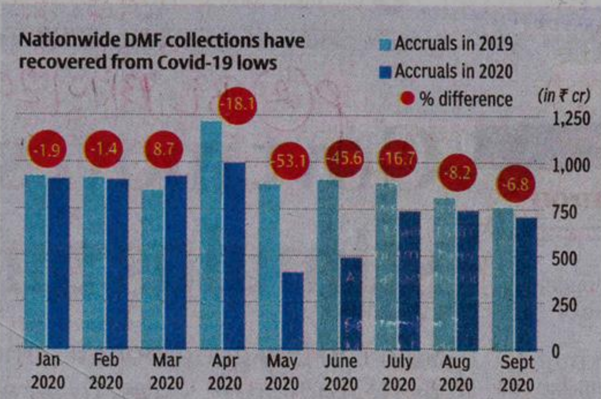
The amount is accumulated in funds controlled by individual District Mineral Foundations.

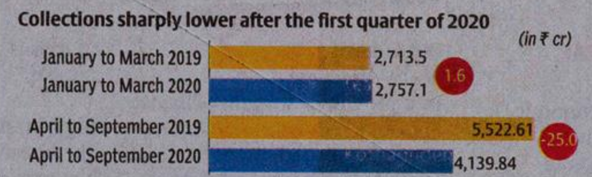
Arriving at the amount

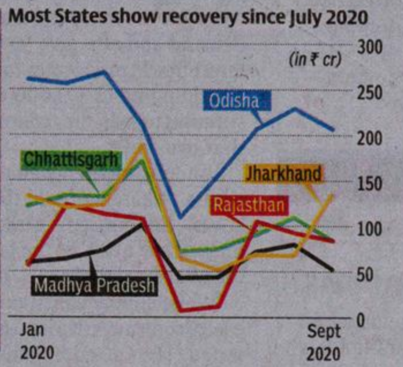
For mining leases granted on or after January 12, 2015, an incremental amount equal to 10 per cent of the royalty needs to be parked by the mining companies towards DMF contributions.

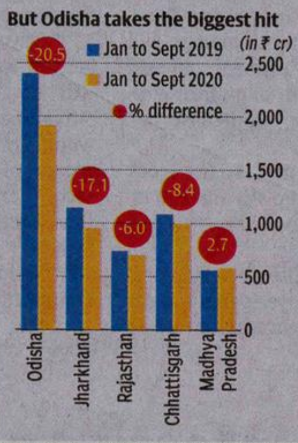
For those granted before January 12, 2015, the contribution is equal to 30 per cent of the royalty.

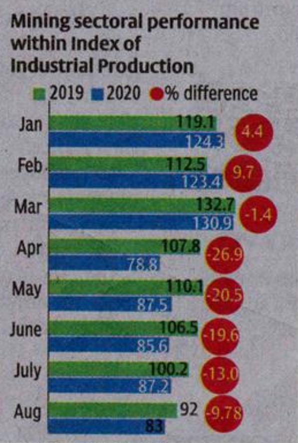
Since the royalty is levied either on a per-tonne basis or *ad valorem* (linked to the sale price of minerals), across States, an increase in mineral output means higher royalties being collected. This also means more accruals in the DMF. With the lockdowns curtailing economic activity, mineral production also took a hit.











Source: Ministry of Mines, Ministry of Statistics and Programme Implementation

What is DMF?

- It is a corpus built with contributions from mining companies for the development of districts where mining activities take place, over and above their royalty payments

According to government estimates, the gross value added (GVA) at basic prices (2011-12 prices) in mining and quarrying declined 23.3 per cent in the first quarter of FY21 over the same period in FY20.

Performance within IIP

According to the Ministry of Statistics and Programme Implementation, the greatest contraction was reported in April 2020, when the mining sectoral performance within the Index of Industrial Production (IIP) fell 26.9 per cent compared to April 2019.

The difference has subsequently narrowed down, with July 2020 mineral output being reported at just 12.97 per cent lower than July 2019. In August 2020, the performance of mining within the IIP fell 9.8 per cent year-on-year.

Odisha has reported the steepest dip in collections among States where DMF contributions were on the rise ahead of the lockdowns. According to Mines Ministry data, Odisha reported 20.45 per cent lower DMF collections for January-September 2020 at ₹1,920.84 crore, against ₹2,414.71 crore for January-September 2019.

Jharkhand also reported lower DMF collections at ₹958.68 crore during January-September 2020, against ₹1,156.76 crore in the previous-year period.

BUSINESS LINE DATE : 13/10/2020 P.N.7

Gold ETFs attract inflow for 6 months in a row

SURESH P IYENGAR
Mumbai, October 12

With equity markets running ahead of ground realities in the economy and turning expensive, investors have latched on to gold as an investment option .

Gold exchange traded funds (ETFs) witnessed a net inflow for the sixth month in a row in September.

With net inflow of ₹597 crore in September, the total net inflow into gold ETFs so far this year is ₹5,957 crore.

Himanshu Srivastava, Associate Director, Morningstar India, said with all major economies staring at recession due to the spread of Covid pandemic, gold with its haven appeal has emerged as one of the best performing asset class. Moreover, he added that the surge in Covid cases has cast a doubt on hopes of swift economic recovery and investors are continuing to hedge their exposure to riskier assets by investing a portion of their assets in gold.

Gold may continue to gain traction due to the threat posed by the pandemic to the global economy, say experts.

Sriram Iyer, Senior Research Analyst, Reliance Securities, said the uncertainty over the US election and Brexit will push investors to gold. The moderation in gold price rally recently will also help attract investors, he added.

The yellow metal is trading at about $1,928/ounce now, down from the peak of $2,075 in August.

Chirag Mehta, Senior Fund Manager, Quantum Mutual Fund, said irrespective of who wins the US elections, gold prices will strengthen as the stance on low real interest rate, further quantitative easing and government stimulus would not change given the fact that the state of global economy is not going to revive in the foreseeable future.

"We suggest that investors use the fall in prices to build their allocation to gold which has delivered about 25 per cent returns this year," he added.

BUSINESS LINE DATE : 14/10/2020 P.N.8

Soon, an index futures in base metals from MCX

UMANG PAPNEJA

The commodity derivatives market in India is entering a new phase of growth with the launch of futures contracts on commodity indices. These new products have the ability to transform commodities trading for retail as well as institutional participants.

METLDEX futures – a futures contract based on METLDEX – an index on the five base metals traded on MCX platform, viz copper, zinc, aluminium, lead and nickel will provide investors and traders an opportunity to participate in the sectoral index of metals – a barometer of the economic activity in the global markets.

The futures contract is set to be launched next week (October 19). The allocations of 33 per cent for zinc, 30 per cent for copper, 14 per cent for nickel, 13 per cent for lead and 10 per cent for aluminium aptly reflect the volumes of the underlying base metals trading in India.

Participants, delivery

Retail investors and traders can now participate more efficiently using lesser margins than the underlying commodities. Moreover, they can avoid the worry regarding compulsory delivery process of five days for every contract month.

Institutional participants can now allocate funds under PMS, MF route to the METLDEX as a tactical allocation, long / short participation as well as create products like ETFs for their investors. As the depth and liquidity increases, far dated contracts as well as OPTIONS on these contracts will enable further offerings of sophisticated products.

One of the most interesting functions of the base metals contracts is the ability to move into a Contango/Backwardation market to reflect the demand-supply situation.

'Ideal mechanism'

An EXCESS Return Index (which includes the profits/ losses) on the roll cost apart from the delta is also an ideal mechanism to benefit from commodities, which have a periodic backwardation. With more than 60 per cent weightage to copper and zinc, the index should be able to capture this for the 'long only' participants efficiently. It is an interesting time for the investment management industry. Commodity-linked products, which assist in portfolio diversification, are inflation-linked and is non-deliverable can now be introduced across client portfolios. The METLDEX is the right product at the right time. We appreciate the efforts put in by the regulators and the exchanges to introduce such innovative products to the market.

The writer is Senior Managing Partner – IIFL Wealth

THE ECONOMIC TIMES DATE : 14/10/2020 P.N.6

LOANS AND GUARANTEES Limited disclosures raise corp governance questions; Group debt at $15 billion, Cairn already paid $310 million

Listed Vedanta Ltd to Give $1-bn 'Support' to Parent

Rajesh Mascarenhas & Arijit Barman

Show Me the Money

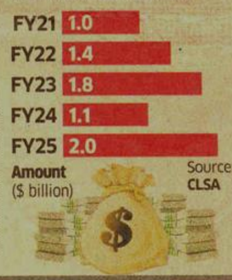
CASH & DEBT OF VEDANTA & SUBSIDIARIES

Company	Gross Debt	Cash & Cash Equivalents
Vedanta	33,247	4,070
Cairn Holding	3,700	7,726
Zinc India	4,957	20,468
Balco	4,384	559
Others	12,280	958
Total	58,568	33,781

(Fig in ₹Cr) Source: Company Presentation

Debt Maturity

SCHEDULE OF VEDANTA RESOURCES



Mumbai: Vedanta Ltd (VIL) had agreed to provide loans and guarantees worth Rs 7,900 crore to its parent Vedanta Resources (VRL) just months before the launch of a delisting offer for the Indian subsidiary by the London-based VRL. About Rs 2,311 crore of this loan had already been given before the launch of the offer, latest filings by VIL show.

VIL has not revealed any granular details of the use of funds or which of its subsidiaries will be lending, the nature of the loan instruments, their tenure or even the interest cost for these loans. The loans, revealed for the first time in VIL's June quarter results released on October 3, is set to keep the spotlight on VRL's corporate governance practices especially the use of inter-corporate loans from listed subsidiaries by the parent.

Till press time on Tuesday, Vedanta had not responded to ET's detailed questionnaire sent on Monday evening.

VRL has standalone debt of $7.3 billion as of FY20 of which a term loan of $ 1.9 billion is due by September 2022. These can be serviced through cash flows from the underlying subsidiaries. The consolidated group debt is around $15 billion against as EBITDA of $2. 6 billion.

VRL's attempt to take VIL private failed last week after the reverse book building offer did not receive the required number of shares from investors. VRL withdrew the offer on Saturday.

The failure of the delisting plans increases the focus on capital allocation in the Vedanta group. Analysts are questioning the corporate logic of upstreaming the cash as inter corporate loans from a listed VIL to the parent when it has debt of Rs 58,600 crore of its own.

"An increase in intercompany loans could be negative for minority shareholders, while a high dividend pay-out would be perceived positively... We believe discussions on capital allocation will dominate investor concern instead of operational performance," said Indrajit Gupta, analyst CLSA.

Vedanta passed a special resolution in FY17 to increase the limit of inter-company loans from Rs 60,000 crore to Rs 80,000 crore. Limit to inter-company loans as per Section 186 of the Companies Act is up-to 60% of share capital and free reserves, which is about Rs 19,000 crore.

VIL and its subsidiaries have around Rs 33,781 crore cash and cash equivalent versus a gross debt of Rs 58,568 crore as on June 30, 2020. Hindustan Zinc India alone has Rs 15,511 crore surplus cash while Cairn India has Rs 4,020 crore net cash. The government owns 29.5% of HZL.

The dividend payout of Rs 4,500 crore that VIL received from Hindustan Zinc in May is yet to be passed on to shareholders despite a dividend distribution policy in place. VIL in its annual report cited "the need for financial flexibility at the group" as the reason for holding back the dividend. It owns almost 65% in Hindustan Zinc.

"Management's ability to restore minority shareholders' confidence is key to retaining / re-rating trading multiples," argued Ritesh Shah, analyst with Investec. "We find failed delisting is an additional scar, in addition to recurring corporate governance issues including the recent $1.05 billion loan with limited disclosures,"

Inter-corporate lending has faced severe investor backlash in the past.

In December 2018, Cairn, an arm of Vedanta, committed to pay $500 million in a structured instrument to own a 1.8% economic interest in Anglo American PLc, a company Agarwal was pursuing to acquire then. However, the ownership and voting rights of these shares remained with Agarwal's private investment vehicle Volcan.

In 2014, a similar loan of $1.25 billion was given to the promoter group, which was used by Vedanta to repay another inter-company loan taken for acquisition of the oil company. The move had spooked investors then raising several questions about related party transactions. Vedanta later rolled over that loan. In 2016, Agarwal merged Cairn India with Vedanta mainly to use the Rs 23,290-crore cash lying with Cairn to partially pay off Vedanta's debt. The deal was sweetened after a widespread protest by minority shareholders including LIC.

Even during the recent delisting exercise, the company Vedanta Ltd (VIL) wrote off Rs 17,000 crore as impairment cost after commodity prices softened during the pandemic and reduced its book value from Rs 146.87 per share to Rs 89.38 per share – a move that was also criticised.

LOKMAT DATE : 14/10/2020 P.N.2

गौण खनिजाचे उत्खनन सुरूच : ॲफकॉन्स कंपनीच्या मनमर्जी कारभाराचा पिकांना फटका

समृद्धी महामार्गाच्या कामाने वाढविल्या शेतकऱ्यांच्या अडचणी

लोकमत न्यूज नेटवर्क

वर्धा : नागपूर-मुंबई समृद्धी महामार्गाचे काम ॲफकॉन्स कपंनीच्या माध्यमातून केले जात आह मात्र कंत्राटदाराच्या मनमर्जी कारभारामुळे शेतकऱ्यांच्या अडचणी वाढल्या आहेत. या महामार्गाकरिता गौण खनिजाची अवैध वाहतूक मोठ्या प्रमाणात होत असल्याने रस्त्यांची चाळण झाली आहे. तसेच उडणाऱ्या धुळीने उत्पादनातही घट झाल्याने शेतकऱ्यांकडून रोष व्यक्त होत आहे.

जिल्ह्यातील सेलू, वर्धा व आर्वी या तीन तालुक्यातील ५७९. ४६४ हेक्टरमधून समृद्धी महामार्ग जात असून याकरिता जमिनी संपादित केल्या आहेत. या महामार्गाची कंत्राटदार अफकॉन्स कंपनीने सुरुवातीपासून अवैध उत्खननासह अवैध वाहतूक सुरु केल्याने शेतकऱ्यांना त्रास सहन करावा लागत आहे.

ॲफकॉन्स कंपनीविरुद्ध अवैध उत्खननप्रकरणी सेलू पोलीस ठाण्यात गुन्हा दाखल आहे. तरीही कंपनीच्या कामकाजात सुधारणा झालेली नसल्याने महामार्गालगतच्या शेतकऱ्यांना मोठा त्रास सहन करावा लागत आहे. आर्वी तालुक्यातील सोरटा-विरूळ भागात महामार्गाचे काम सुरु असून रस्त्यावरुन दिवसरात्र जडवाहतूक सुरु आहे. त्यामुळे रस्त्याची वाट लागली आहे. उडणाऱ्या धुळीने पिकांचेही नुकसान होत आहे. विरूळ, सोरटा, रसुलाबाद, पिंपळगाव, निजामपूर, टाकळी, मारडा, सालफळ तर वर्धा तालुक्यातील पिपरी, गणेशपूर, पांढरकवडा या गावांतील शेतकऱ्यांना मोठा फटका बसला आहे.

आधीच निसर्गकोपाने संकटात असलेल्या शेतकऱ्यांचे ॲफकॉन्सच्या कामाने आणखीच कंबरडे मोडले आहे. त्यामुळे ॲफकॉन्सच्या मनमर्जी कामाला ब्रेक लावण्याची मागणी शेतकऱ्यांकडून होत आहे.

पोलीस, महसूल विभागाचीही साथ

समृद्धी महामार्गाकरिता होणारी अवजड वाहतूक शेतकऱ्यांसह गावकऱ्यांकरिता धोक्याची ठरत आहे. दिवसरात्र होणाऱ्या या वाहतुकीने मोठे नुकसान होत असल्याने याबाबत शेतकऱ्यांनी पोलिसांकडे किंवा महसूल विभागाकडे तक्रार केली तर कारवाई न करता शेतकऱ्यांनाच दमदाटी केली जाते. त्यामुळे कंत्राटदार कंपनीचा मनमर्जी कारभार सुरु असून शेतकऱ्यांची वाट लावली जात असल्याचा आरोप होत आहे.

संतप्त शेतकऱ्यांनी संरक्षण भिंतीचे काम रोखले

आर्वी तालुक्यातील पिंपळगाव, विरुळ, निजामपूर, टाकळी, रसुलाबाद येथील शेतकऱ्यांच्या जमिनी समृद्धी महामार्गाकरिता संपादित करण्यात आल्या असून काहींचे संपादन शिल्लक राहिले आहे. असे असताना समृद्धी महामार्गाच्या कंत्राटदाराने संरक्षण भिंतीचे बांधकाम सुरु केल्यामुळे शिल्लक राहिलेल्या शेतकऱ्यांची वहिवाट बंद झाली असती. त्यामुळे संतप्त शेतकऱ्यांनी हे बांधकाम रोखले असून जमिनीचे तात्काळ संपादन करण्याची मागणी करण्यात आली आहे.

BUSINESS LINE DATE : 14/10/2020 P.N.5

STATISTALK

Gold's safe haven status continues

Despite continuing drop in jewelery and industrial demand, gold prices remain healthy on the back of surge in investment demand. While central banks are reducing their holdings, Gold ETFs are accumulating the yellow metal

Gold remain buoyant

Though price is off its recent peak

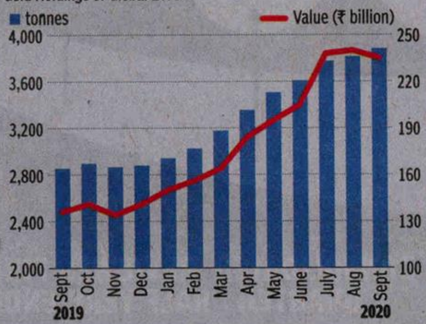
Investment demand for Gold is on the rise

(in tonnes)

World	Q2CY19	Q3CY19	Q4CY19	Q1CY20	Q2CY20		Y-o-Y % change
Jewellery	529.6	468.1	589.9	320.5	251.5	▼	-53
Technology	80.7	82.0	83.3	73.3	66,6	▼	-18
Investment	295.0	407.7	270.7	547.7	582.9	▲	98
Total bar and coin demand	218.9	148.5	245.3	247.9	148.8	▼	-32
ETFs & similar products	76.1	259.2	25.4	299.8	434.1	▲	471
Central banks & other inst.	231.7	141.6	140.5	118.7	114.7	▼	-50
Gold demand	**1,136.9**	**1,099.4**	**1,084.4**	**1,060.3**	**1,015.7**	▼	**-11**

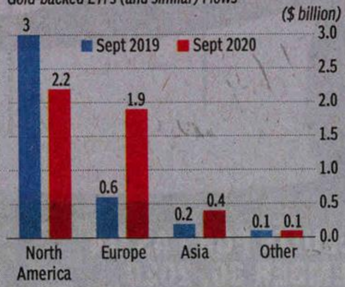
Demand from Gold ETFs remain steady

Gold Holdings of Global ETFs



Fund flows are picking up in Europe and Asia

Gold-backed ETFs (and similar) Flows



Indian Gold ETFs too saw healthy traction

($ million)

	AUM	Q1CY20 flows	Q2CY20 flows	Q3CY20 flows
Nippon India ETF Gold BeES	614	2	97	92
HDFC Gold Exchange Traded Fund	228	16	42	51
ICICI Prudential Gold iWIN ETF	220	170	-15	40
SBI-ETF Gold	214	0	0	43
Kotak Gold ETF	172	0	36	34
UTI-Gold Exchange Traded Fund	71	-3	1	1
AXIS GOLD ETF	36	2	5	9
Birla Sun Life Gold ETF	30	2	7	5
Quantum Gold Fund	24	0	2	1
IDBI Gold ETF	11	0	-10	6

Source: World Gold Council

Graphic: Visveswaran V

IMPLY PUT

Recalling the coal blocks allocation cases: llegations, investigation, and what now

EEPTIMAN TIWARY
EW DELHI, OCTOBER 13

ST WEEK, a special CBI court convicted lip Ray, Minister of State for Coal in the A B jpayee government in 1999, for his alleged volvement in the coal block allocation andal. Hearings on the quantum of Ray's ntencing are set to begin on Wednesday.

While convicting him, the court observed at Ray "abused his official position", as his cision of "relaxation of policy without any gical or legal basis amounts to gross abuse his powers by the minister".

he case against Ray

It relates to allocation of a coal block in ridih district of Jharkhand to a private comny in violation of guidelines. Ray repreented the BJD then; he later joined the BJP ly to quit it in the face of these allegations.

The CBI had noted that the Coal Ministry rough its guidelines had specifically said no mpany engaged in production of iron and eel or sponge iron could get a captive coal ine if its production capacity was less than 1 etric tonne per annum (MTPA) in opencast ining. However, when private company stron Technologies Ltd applied for ahmadiha Coal Block in Giridih, the minis- agreed to relax guidelines and allow the ant despite it not being eligible, the CBI found.

Ray has been convicted along with five hers: CTL; its director Mahendra Kumar arwalla; Castron Mining Ltd; then addional secretary, Coal, and chairman, 14th reening Committee Pradip Kumar nerjee; and Nitya Nand Gautam, the then viser (projects), Coal Ministry, and memr-convener, 14th Screening Committee.

hy it is significant

The 2G spectrum scam and the coal ocks allocation cases were among the reans that the UPA II government came to be rceived as corrupt. Comptroller and uditor General (CAG) reports on the two atters had put the loss to exchequer at Rs 75 lakh crore and Rs 1.8 lakh crore respecvely with the latter being called "the other of all scams".

Hearings on the sentencing of former minister Dilip Ray begin Wednesday. *File photo*

While there have been several convictions in the wide range of coal blocks cases, this is the first time that an NDA minister has been convicted. When the allegations surfaced, Ray was a member of the BJP.

The coal blocks scam

In the early 1990s, the government decided to allocate such coal blocks to private companies that were not part of the production plan of PSUs Coal India Ltd and Singareni Collieries Company Limited (SCCL). Initially a list of 143 coal blocks was prepared, later inflated to 216.

At that time there were no concrete guidelines for allocation of blocks as coal mining was largely restricted to PSUs and many geographic locations were seen as unsuitable for profitable mining. The guidelines were periodically revised through 1993, 1998 and 2003.

Between 1993 and 2005, 70 coal mines were allocated. Then between 2006 and 2010, a further 146 blocks were allocated taking the total tally to 216. However, some blocks were de-allocated owing to companies not starting work and the final list stood at 194.

In March 2012, a leaked draft report of the CAG revealed irregularities in the allocation of blocks and pegged the loss to the exchequer at Rs 10.76 lakh crore. Although the CAG's final report tabled in Parliament in August 2012 whittled down the loss to Rs 1.8 lakh crore, it was still the biggest scam India had seen.

The CAG had argued that the government had the authority to auction the coal blocks but chose not to and as a result allocatees received a "windfall gain".

As the Opposition targeted the Manmohan Singh government on corruption, BJP leaders Prakash Javadekar and Hansraj Ahir approached the Central Vigilance Commission (CVC) with complaints. The CVC referred them to the CBI which over the next few months registered over 40 FIRs.

Meanwhile, a Parliamentary Standing Committee report said coal blocks distributed between 1993-2008 were done in unauthorised manner, bringing even the NDA period under scanner. The Supreme Court took matters into its own hands directing the CBI to directly report to it and not the government.

Some big names of the political and corporate world got embroiled in the controversy, from Congress politician and industrialist Naveen Jindal and Dasari Narayan Rao (now deceased) to RJD's Prem Chand Gupta and BJP's Ajay Sancheti. CBI even examined Manmohan Singh at a later stage.

UPA's defence

Then PM Singh rebutted allegations of fraud and even questioned CAG's computations in Parliament. He had argued that Wes Bengal, Chhattisgarh, Jharkhand, Orissa an Rajasthan — which were ruled by Oppositio parties then — were strongly opposed to switchover to competitive bidding as the felt it would increase the cost of coal, ad versely impact value addition and develop ment of industries in their areas and woul dilute their prerogative in the selection c lessees.

On the idea of "windfall gains", Singh sai computation of extractable reserves base on averages would not be correct. He said th cost of production of coal varies significantl from mine to mine even for CIL due to vari ous conditions. He pointed out that CIL ha been generally mining in areas with bette infrastructure and more favourable condi tions, whereas the coal blocks offered fo captive mining were generally in areas wit more difficult geological conditions.

Arguing against a loss to the exchequer Singh said part of the gains would in any cas get appropriated by the government throug taxation, with corporates being made to al locate 26% of their profits for local area de velopment.

State of the probe

The coal blocks allocation cases are amon the CBI's longest running probes, with th agency last registering a fresh FIR in the cas in January 2020. It has since 2012 filed mul tiple chargesheets and even closed man cases for lack of evidence or culpability.

Unlike the 2G spectrum case, where a the accused have been acquitted, CBI has se cured multiple convictions in the coal case Through 2017 and 2018, a special CBI cou convicted former Coal Secretary H C Gupta i three different cases. Two other bureaucrat — K S Kropha and K C Samria —were con victed in two of these cases. They were all sen tenced to imprisonment of two-three year The court also sentenced several office-bear ers of companies associated with these case

In the Vini Iron and Steel case, where H Gupta had been convicted, the court als convicted and sentenced former Jharkhan chief minister Madhu Koda to three years c imprisonment.

THE ECONOMIC TIMES DATE : 15/10/2020 P.N.8

'Millennials Looking to Invest in Gold Prefer ETFs and SGBs'

Sutanuka.Ghosal
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Kolkata: Millennials looking for a calibrated entry into the safe haven of the yellow metal are leaning towards gold exchange traded funds (ETFs) and sovereign gold bonds (SGBs), according to industry executives and fund houses.

Nitin Kabadi, head of ETF business at ICICI Prudential AMC, told **ET**, "Millennials is a segment which is most comfortable being digitally connected and is inclined to transact/invest electronically on the go. All of these are reflective in the CAMS data, where nearly 47% of the new folios created belong to millennials. Millennials looking to make an investment in gold are increasingly opting for options such as gold ETFs over traditional forms of gold investment."

According to data from Association of Mutual Funds in India, the number of folios in gold ETFs increased by 111.19% last month compared with September 2019.

Industry executives said the interest in gold ETFs has been fanned by their strong performance at a time when buying physical gold was difficult due to the nationwide pandemic-led lockdown. In the last one year, Gold ETFs have given a return of 30.25%.

PR Somasundaram, managing director, India, World Gold Council, said, "We have seen exceptional contributions into successive SGB issues too during this period. There is no doubt that what the market described loosely as 'paperless gold', that is gold through digital channels, has seen wider acceptance, said Somasundaram.

The WGC India chief said, "We have seen failures of jewellery schemes where people have to accumulate money over a period of time, but with paperless forms, one can accumulate allocated gold that is insolvency-proof right from the first click. This has potential to attract millennials who wish to enter gold in a calibrated manner and do have concerns about price and purity in the physical market."

THE INDIAN EXPRESS DATE : 15/10/2020 P.N.5

COMMODITY CALL

MCX-Nickel can advance further

AKHIL NALLAMUTHU
BL Research Bureau

The October futures contract of nickel in Multi Commodity Exchange (MCX), which has been on a decline since early September, entered a consolidation phase before a couple of weeks. The contract was fluctuating between ₹1,040 and ₹1,080. Following this, it breached the upper limit of the price band last Friday and has been appreciating since then. This has turned the outlook positive.

Consequently, the price has crossed above ₹1,100, where the 50-day moving average lies. At ₹1,100 , the 50 per cent Fibonacci retracement level coincide and so the break out is quite significant and the likelihood of further rally is high.

Substantiating the positive bias, the daily relative strength index has been rising since the past week and has moved above the midpoint level of 50. The moving average convergence divergence indicator has turned its slope positive and is on the verge of entering the bullish zone.

On the upside, the contract can face resistances at ₹1,136 and ₹1,165. Traders can go long in declines with stop-loss at ₹1,065.

Nagarnar Steel Plant to be hived off from NMDC; demerged firm to be divested

Minimum floor price for the facility will be ₹23,140 cr

OUR BUREAU

New Delhi, October 14

The Cabinet Committee on Economic Affairs (CCEA) on Wednesday approved the demerger of Nagarnar Steel Plant from state-owned mineral producer NMDC. The Cabinet also approved the strategic disinvestment of the demerged company by selling the entire Government stake to a strategic buyer.

This is the second time that the Cabinet has given a nod for the strategic sale of the NMDC Iron & Steel Plant (NISP) Nagarnar, Bastar district, Chhattisgarh. With the latest approval, the CCEA has amended its earlier decision taken on October 27, 2016, to disinvest NSP as a unit of NMDC.

Speaking to journalists after the Cabinet meeting, Union Minister Prakash Javadekar said: "The Nagarnar Steel Plant is 90 per cent complete. It is expected to be commissioned by March 2021. The next step will be to carve it out of NMDC Ltd by April 2021. The strategic disinvestment will be completed by September 2021."

Responding to a *BusinessLine* query, Javadekar said: "The total expenditure in setting up the Nagarnar Steel Plant was ₹23,140 crore. It is a profitable venture, so this will be the minimum floor price for strategic sale. The interests of minority stakeholders will also be protected."

In August this year, the NMDC Board had given an in-principle approval to the proposal to demerge NMDC Iron & Steel Plant, Nagarnar. This was part of long-standing considerations for unlocking its value by either roping in a strategic partner or potentially listing it separately by demerging.

The project has faced significant delays, and the cost overrun is already said to have touched 50 per cent.

An official statement said the Nagarnar Steel Plant (NSP) will be a three million tonne per annum (mta) integrated steel plant. NMDC has invested ₹17,186 crore in the project, out of which ₹16,662 crore is from NMDC's own funds and ₹524 crore has been raised from the bond market.

Post-merger plan

The statement also said that after the demerger, NSP shall be a separate company and the managements of NMDC and NSP shall be accountable for their respective operations and financial performance. Shareholders of NMDC will also be shareholders of the demerged company (NSP) in the proportion of their shareholding.

"The demerger will also be tax-neutral from the point of view of capital gains," the statement added.

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