KHANIJ SAMACHAR

Vol. 8, No-8

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 8, NO – 8 , 16th –30th APRIL 2024

Ambuja Cements to acquire My Home Group's cement grinding unit in Thoothukudi

Our Bureau
Chennai

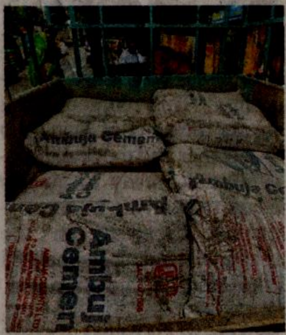
Ambuja Cements, the cement and building material company of Adani Group, has signed an agreement to acquire My Home Group's 1.5 mtpa (million tonne per annum) cement grinding unit in Thoothukudi in Tamil Nadu.

The acquisition is estimated at a total value of ₹413.75 crore and will be met through internal accruals.

The deal will help enhance Ambuja's coastal footprint across the Southern markets of Tamil Nadu and Kerala, the company said in a statement on Monday.

Telangana-based My Home Group has diversified business interests and the said cement unit is spread across 61 acres near the Tuticorin Port.

"The limited availability of limestone in Tamil Nadu presents a unique competitive advantage with coastal movement of clinker from the Sanghipuram Plant ensuring cost-efficient operations," the company said.



STRONG FOOTHOLD. The deal will help enhance Ambuja's coastal footprint across the southern markets of Tamil Nadu and Kerala

SMOOTH TRANSITION

"This acquisition strengthens our foothold in the region, aligning perfectly with our commitment to delivering high-quality products and services to our customers. In addition to the infrastructure and geographical advantages, Ambuja Cements will also inherit the existing dealer network and retain current employees, facilitating a smooth transition and enabling the rapid ramp-up of utilisation," Ajay Kapur, CEO - Cement Business, Adani Group, said.

The total cement capacity of Adani Group stands at 78.9 mtpa.

Ambuja Cements' share price declined 0.14 per cent to close at ₹608 on the NSE on Monday.

Thermal coal imports surged 23% y-o-y to a two-year high in January-March

Rishi Ranjan Kala
New Delhi

India's thermal coal imports in the first quarter of 2024 calendar year rose to its highest in the last two years as the world's third-largest energy consumer prepares to meet the peak power demand during April to June.

According to data from energy intelligence firm Kpler, India's import of thermal coal, largely consumed by the power sector, rose 23 per cent y-o-y to 42.95 million tonnes (mt) during January-March this year from 34.85 mt in the same quarter of 2023.

India's thermal coal imports *(million tonnes)*

	January	February	March	Total
2022	7.38	7.74	16.39	31.51
2023	10.55	10.78	13.52	34.85
2024	13.68	14.15	15.12	42.95

Source: Kpler

SUMMER RUSH

However, imports during the first three months in 2024 were lower by 19 per cent compared to the record 52.85 mt coal imported in October-December 2023. Kpler's Lead Major Dry Bulks Analyst, Alexis Ellender told *businessline* "India's thermal coal imports were in line with our expectations in March as they climbed by 1.60 mt y-o-y to a three-month high of 15.12 mt. This slower pace of annual growth compared to late 2023 and January-February 2024 was primarily due to a higher base."

Increased imports and domestic production growth means the country is entering the peak summer demand season with significantly larger thermal coal stockpiles than in recent years, he added.

At 51 mt on March 31, stocks at Central Electricity Authority monitored plants were up by more than 13 mt y-o-y and close to double the same point in 2022. "As a consequence, we do not expect a surge in summer imports of the type seen in 2022 however, we do anticipate steady annual growth in shipments through the second quarter and into the third quarter.

RISING DEMAND

The potential for weak hydropower generation presents upside risk to forecasts however, on the downside, if coal burn underperforms expectations, then high power plant stocks could become a weight on import demand," Ellender explained.

A senior government official said that imports will be higher in FY24 as electricity consumption is inching up coupled with Power Ministry's March 4 advisory to TPPs to continue importing the fuel for blending at 6 per cent till June 2024.

Government and analysts expect power demand to grow at 6-7 per cent y-o-y on the back of rising consumption from industries and households.

Keeping thermal power plants well stocked is critical as the Meteorological Department (expects extreme heat conditions during April to June with Central and Western India likely to face the worst impact.

As expected, the Power Ministry directed all the imported-coal based power plants to continue operating at full capacity till September 2024.

Copper may rise further on growing demand, Chinese production cut

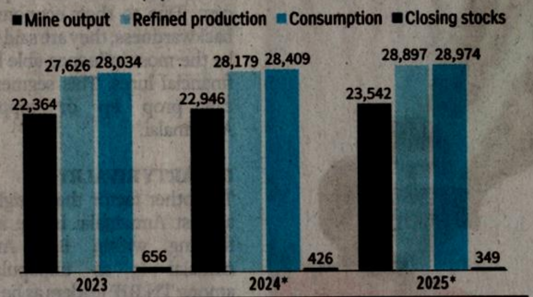
TIGHTENING SUPPLY. Prices have been on a steady upward trend since the start of 2024

Subramani Ra Mancombu
Chennai

Copper prices will likely gain further in 2024 on fears of production cuts in China and increasing demand, particularly for green energy transition, after having gained about 10 per cent since the beginning of 2024. They are currently ruling at highs not seen since June 2022.

The red metal prices have averaged $8,558/tonne year-to-date as of April 2, 2024. Prices have been on a steady upward trend since the start of the year, surging to $9,089/tonne on March 18 on the back of possible production cuts in China, said research agency BMI, a unit of Fitch Solutions.

Global copper outlook (in kt)



Source: Office of the Chief Economist, Australia *forecast

MAIN CATALYST

In March 2024, major Chinese copper smelters agreed to limit capacity expansion by rearranging maintenance schedules and postponing the commencement of new projects, following a decline in treatment and refining charges, it said. ING Think, the financial and economic analysis wing of Dutch multinational financial services firm ING, seconded the view.

The main catalyst for copper's rally is the unexpected tightening in the global mine supply, most notably First Quantum's mine in Panama, which has removed around 4 million tonnes (mt) of the metal from the world's annual supply, said ING Think.

On Monday, the three-month copper contract on the London Metal Exchange ruled at $9,446 a tonne. For cash, it was offered at $9,400. In view of the red metal's current uptrend, BMI said it is raising its average annual price forecast to $9,200 from $8,800. ING Think projected copper prices rising in the second quarter, traditionally its strongest season for demand, to $9,050/t on average from an average of $8,539/t in the first. It forecast prices peaking in the fourth quarter at $9,100/t.

The Australian Office of the Chief Economist projected the average copper price in 2024 to remain relatively similar to 2023 levels ($8,400 a tonne) in its "Resources and Energy Quarterly".

MARKET DOWNTURN

BMI said it was raising the forecast on the back of tighter supply outlook and a decline in the US dollar strength. Though a turnaround in Chinese demand is likely with the recovery in the manufacturing sector, the downturn in the property market will be a major drag on prices, tilting the balance of risks to the downside, it said.

ING Think said the global refined copper market was expected to be fairly balanced this year, but the shortfall in mine supply now means that the market is likely to be in a deficit.

At the same time, demand uncertainties remain. China's property market has been a major headwind for copper demand, and a continued slowdown in the sector is the main downside risk, it said.

UPSIDE MAY BE CAPPED

The Australian Office of the Chief Economist said historically low levels of global inventories, however, pose an upside risk for copper prices. Stronger demand in coming quarters could be expected to draw inventories down further, putting upward pressure on prices.

BMI said reports point to smelters considering implementing joint production cuts, aiming to reduce output by 5-10 per cent in response to the tightening concentrate market.

ING Think said in the short term, the upside to copper prices might be capped by macro drivers, including ongoing demand concerns in China and lingering uncertainty over US monetary policy. However, micro dynamics are starting to look more constructive for the metal amid a tightening supply outlook.

Prices will, however, remain volatile as the market continues to respond to macro drivers, including the path of US interest rates and Chinese policies, it said.

BMI and the Australian Office of the Chief Economist said they see copper prices gaining in the long-term on demand for green energy transition such as electric vehicles.

BMI forecast refined copper production to increase by 3.1 per cent year-on-year in 2024 supported by Chinese expansion capacity, though supply issues in Panama are likely to hamper copper concentrate growth, leaving a tight market balance. It forecast consumption to rise by 3.5 per cent year-on-year in 2024.

Metals whipsawed as sanctions on new Russian supplies rattle LME

Bloomberg

Metals swung sharply, with aluminium surging by a record before later erasing most of its gains, as traders digest US and UK sanctions that banned delivery of new Russian supplies onto the London Metal Exchange.

The curbs on aluminium, nickel and copper announced late on Friday don't prevent Russia from selling its metals to buyers outside the US or UK, and don't restrict the vast majority of the global trade in metals — which takes place directly between miners, traders and manufacturers rather than through the exchange.

But the sanctions will still reverberate through metals markets because of the LME's central position at the heart of the industry. Its prices are used as a benchmark and referenced in a huge number of contracts around the world, and many buyers view the ability to deliver on the LME as essential.

NO BLANKET BAN ON SALE

Curbs on aluminum, nickel and copper don't prevent Russia from selling its metals to buyers outside the US or UK

ALUMINIUM UP

"While the new restrictions do not stop the trade of Russian metal, we could see some temporary upside support for prices of copper, aluminium and nickel," Amy Gower, metals strategist at Morgan Stanley, said in an emailed note. That will be particularly true "if the ban on delivery into LME and CME warehouses makes traders and users less willing to handle Russian material and disrupts broader trade flows." Aluminium jumped as much as 9.4 per cent as the market opened, the most since the current form of the contract was launched in 1987, while nickel rose as much as 8.8 per cent. However, both metals were only up by around 2 per cent as trading got under way in Europe, and copper was little changed. On the Shanghai Futures Exchange — where some brands of Russian metal can still be delivered — aluminium closed marginally lower, while nickel was up 0.7 per cent.

Russia is an important metals producer, accounting for 6 per cent of global nickel supply, 5 per cent of aluminum and 4 per cent of copper. The restrictions bar new Russian supplies of all three metals to the LME as well as to the Chicago Mercantile Exchange, while allowing delivery of metal produced prior to April 13.

BUSINESS LINE DATE:17/4/2024 P.NO3

Coal India's capex rose 6.5% to ₹19,840 cr in FY24

Mithun Dasgupta
Kolkata

State-run miner Coal India on Tuesday said its capital expenditure grew 6.5 per cent year-on-year at ₹19,840 crore for the last financial year, which was the highest till date.

For the financial year 2022-23, the capex had stood at ₹18,619 crore. "CIL achieved 120 per cent target satisfaction over the year's capex target of ₹16,500 crore. For the fourth fiscal on sequence, CIL's capex breached the budgeted target," Coal India said in a stock exchange filing.

With the company focusing on strengthening coal transportation and handling infrastructure in its mining areas, the capital expenditure under this head was highest among others at ₹6,070 crore, which was 30.6 per cent of the year's capex spend.

CIL said it is aiming to have adequate infrastructure in place to evacuate increased quantities of coal produced in future.

This includes setting up first-mile connectivity projects with Coal Handling Plants and Silos; rail sidings, rail lines and roads. South Eastern Coalfields and Mahanadi Coalfields accounted for 65.4 per cent of this head with ₹2,214 crore and ₹1,754 crore, respectively.

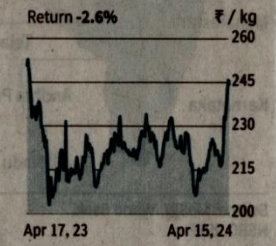
Showing a sharp upward swing on land acquisition and associated rehabilitation and resettlement, capital expenditure for land was ₹5,135 crore in FY24.

Capital expenditure under this head was second highest during the last fiscal, posting a jump of 52.5 per cent over ₹3,367 crore in FY23.

BUSINESS LINE DATE:17/4/2024 P.NO10

Zinc: Go long if futures dip to ₹232, stop-loss at ₹225

Akhil Nallamuthu
bl. research bureau



Zinc futures on the Multi Commodity Exchange (MCX) broke out of a range and marked a 52-week high of ₹251.2 last Friday.

The breakout of the range of ₹205-230 has turned the short-term outlook positive and so, we are likely to see further rally.

COMMODITY CALL.

That said, zinc futures is likely to decline and retest ₹230 before witnessing the next leg of uptrend. At the resistance-turned-support level of ₹230, the 20-day moving average coincides. So, a decline below ₹230 is less likely.

We expect zinc futures to see a dip to ₹230 and then rally to ₹265. On the other hand, if the contract falls below ₹230, the bias can turn bearish, potentially leading to a fall to ₹205.

Stay on the fence for now and go long when zinc futures dip to ₹232. Place initial stop-loss at ₹225.

When the contract rallies past ₹250, raise the stop-loss to ₹238. Further tighten the stop-loss to ₹248 when the price touches ₹255. Book profits at ₹265.

ECONOMICS TIMES DATE:17/4/2024 P.NO10

FALLING INPUT COSTS to provide relief at a time when low demand makes price rise unsustainable

Cement Cos' Q4 Profits to Grow in Double Digits Aided by Volumes

Rajesh.Naidu@timesgroup.com

ET Intelligence Group: Revenues of top cement firms including UltraTech Cement, ACC, Ambuja Cements, Shree Cement and Dalmia Bharat are likely to grow in the range of 5% to 13% year-on-year for the March quarter, show the estimates of eight domestic brokerages. The growth will be largely driven by volumes since cement firms have been unable to sustain any increase in cement prices over the past few quarters.

Intense competition due to incremental capacity addition and lower-than-expected demand have been a few key challenges that have restricted the ability of cement firms to raise prices meaningfully. In FY24, the average cement price fell by around 1% to ₹359 per 50 kg bag. Cement demand from the real estate sector, which provides more than 55% of the total demand, has been weak.

Earnings Preview

Upside Priced In

Company	Consensus EPS (₹)			CRoCI (%)	
	FY24E	FY25E	Growth (%)	FY24E	FY25E
ACC	101	120	19	16	17
Ambuja Cements	16	18	11	13	14
Dalmia Bharat	46	64	40	NA	NA
JK Cement	109	139	28	18	19
Nuvoco Vistas	5	10	115	10	10
Orient Cement	9	12	33	NA	NA
Shree Cement	642	741	15	21	20
The Ramco Cements	20	31	52	NA	NA
UltraTech Cement	248	313	26	18	19

CRoCI: Cash Return on Gross Capital Invested
Source: **Bloomberg, FactSet, Kotak Institutional Equities**

PRAVIN G

Analysts point out that in rural areas, a large portion of the demand from the government's low-cost housing scheme, Pradhan Mantri Awas Yojana (PMAY), has already been met. In the urban areas, demand for real estate projects has not improved in a noteworthy manner.

On the operating front, cement manufacturers are likely to benefit from cheaper raw materials such as coal and pet coke. Their prices fell by 30-58% year-on-year in the March quarter. As a result, the cost incurred in manufacturing a tonne of cement for large firms is expected to fall by 5-13% from a year ago. According to the estimates of eight domestic brokerages, the net profit of the top five companies is estimated to grow by 18-34% in the March quarter.

In the past few weeks, cement firms have raised prices. However, it will be difficult to sustain these price levels as demand is expected to remain weak during the election period and subsequent monsoon season.

A key concern is the valuation of large firms. "In our view, the multiples of cement stocks should be about half of their current multiples," said Kotak Institutional Equities in a recent report. The brokerage added that the sector has a very low asset turnover ratio (around one for expansion projects, lower for greenfield projects), which should automatically cap valuations. It cited that most cement stocks trade at 2.5-5 times FY25 estimated book value (BV), which is high in the context of the low-to-mid-teens return on equity (RoE).

INDIAN EXPRESS DATE:18/4/2024 P.NO11

Goa mining contract under EC lens; govt response found 'unsatisfactory'

PAVNEET SINGH CHADHA
PANAJI, APRIL 17

TAKING COGNIZANCE of a complaint, which alleged that the Goa government and Vedanta Limited signed a lease deed for commencement of mining operations last month after the Model Code of Conduct came into force, the additional chief electoral officer (CEO) in Goa has referred the matter to the Election Commission (EC).

The additional CEO stated that submissions made by the Goa government's Directorate of Mines and Geology on the matter were "not satisfactory". The complaint, made by an NGO called Goa Foundation on April 5, had alleged the contract was meant to "influence elections".

In a letter to the Principal Secretary, Election Commission of India, on Monday, additional CEO Sunil P Masurkar wrote, "...It is observed that the mining lease deed executed by the department though may amount to be part of the same contractual commitment, however, it is an independent agreement and since it was executed during the MCC period, it was binding on the part of the department to obtain prior permission of EC, and hence contravenes 21 (f) of the guidelines."

"It is to state that though there is no transfer of ownership, there is an allocation of land by way of lease to enjoy certain rights over the land which contravenes 21 (e) of the guidelines," the letter states. The complaint had highlighted that the state and Vedanta Limited signed a lease deed in connection with the Bicholim Mining Block 1 on March 22, after the enforcement of the MCC, and alleged that "the agreement is now being used by the government to win votes by informing voters that mining has resumed in Goa".

Subsequently, the CEO's office sought a response from the Directorate of Mines and Geology, which explained that the execution of mining lease was conducted as per applicable laws and contractual obligations and that it does not contravene the MCC.

The Directorate submitted that the auction process was initiated on September 30, 2022 and had to be concluded as per rules by April 12, 2024.

Vedanta Sesa Goa had on April 4 said it has commenced mining operations in Bicholim. This is the first auctioned mine to become operational since mining was halted in Goa six years ago. A spokesperson for Vedanta Sesa Goa declined to comment.

In 'Steel City', Biden Seeks Higher Tariffs on Chinese Metal Products

US President Joe Biden will call on Wednesday for sharply higher tariffs on Chinese metal products as part of a package of policies aimed at pleasing steelworkers in the swing state of Pennsylvania, at the risk of angering Beijing.

In campaign stops in the "Steel City" of Pittsburgh, Biden is expected to propose raising to 25% the tariffs imposed by his predecessor Donald Trump on Chinese steel and aluminum products, according to an administration official.

The products targeted currently face up to a 7.5% levy under a Trump-era policy under Section 301 of the US trade law, under a review Biden ordered in 2022.

The Biden administration is also pressuring neighboring Mexico to prohibit China from selling its metal products to the United States indirectly from there.

At the same time, it is launching an investigation into Chinese trade practices across the shipbuilding, maritime and logistics sectors, which could lead to more tariffs.

The measures, set to be unveiled as Biden visits the headquarters of the United Steelworkers union, will invite blowback from China at a time of already heightened tensions between the world's two biggest economies. Trump's imposition of tariffs during his 2017-2021 presidency prompted China's retaliation with its own levies. AP

ECONOMICS TIMES DATE:19/4/2024 P.NO7

Coal Mine Auction Likely in May, 30 New Blocks to be Put on Offer

Bidding also for 50 old blocks; aim is to cut imports, produce 1.58 billion tonnes in FY30

The Coal Story

Commercial, captive mines produced	Commercial, captive mines to produce over
147 mil tonnes	170 mil tonnes
FY24	FY25

TOTAL COAL PRODUCTION TARGET FOR FY27 AT **1.4 BILLION TONNES**

Shilpa.Samant
@timesgroup.com

New Delhi: The coal ministry is likely to hold the next round of auction of coal mines for commercial mining by May 10 with 30 new blocks on offer.

The ministry has received permission from the Election Commission of India for the auction, a senior government official told **ET**, referring to the 2024 general elections starting Friday.

The auction will also see 50 mines that did not elicit a response in previous rounds being put on offer, the official said.

"It will take two months to receive bids for the mines," the official said. The government's target is to augment domestic coal production and reduce imports with commercial mines playing a major role.

Captive and commercial mines produced 147 million tonnes of coal in FY24, an increase of nearly 48%, the official said. Production is likely to breach 170 MT this fiscal, the official added.

Coal production target for FY30 has been set at around 1.5 billion tonnes, as per the ministry.

In the last forward auction held in March, JK Cement bid the highest for Mahan coal mine in Madhya Pradesh. Rungta Sons Pvt. Ltd pipped JSW Steel Ltd to clinch South of Damuda in Jharkhand.

Bull Mining bid highest for Jharkhand's Duni Central, where Tata Steel was also a contender.

The coal ministry launched auctions of mines for commercial mining under the ninth round on December 20 and eighth round on November 15.

The coal ministry earlier said it is taking strategic initiatives for sustainable development and self-reliance in the energy domain.

Coal minister Pralhad Joshi said earlier his ministry will ask imported coal-based power plants to consider switching to domestic fuel-based design and technology as electricity production in India is set to rise. The ministry is aiming for zero thermal coal imports by FY26.

STOCK AT HIGHEST IN TWO YEARS after massive underperformance; analysts advise a buy for 9-12 month horizon as charts look bullish

Vedanta Breaks Out of Past Lag Fuelled by Rally in Base Metals

Nikita.Perlwal@timesgroup.com

Mumbai: Shares of Vedanta have seen their sharpest monthly gains in a decade so far in April, with a rally in base metal prices and its underperformance over the last few years triggering a technical breakout.

The stock is up nearly 44% so far in April, outperforming other local metal producers. The Nifty Metal index has risen 7.5% in the same period. Even though some profit-taking is expected in the near term, the current patterns show that the stock is likely to notch up further gains over the next 6-12 months, with technical analysts seeing a rise to ₹460-480 levels.

On Thursday, the stock ended at ₹388.50 on the NSE, up nearly 3% from the previous close. The shares have ended in the green in 10 out of 12 trading sessions this month and are currently at their highest level in nearly two years.

"The stock has not moved much in the last three years, and this massive underperformance is also leading to the current sharp gains in the shares," said Sudeep Shah, the head of technical and derivatives research at SBICAP Securities.

The shares can be accumulated in the range of ₹350-380 for a target of ₹470-480 over a 9-12 month period, he said. Shah advises maintaining a stop loss of ₹330.

Between April 2021 and March 2024, Vedanta has risen by around 19%, underperforming the Nifty Metal index, which more than doubled in the same period. Institutional ownership also saw a dip with foreign portfolio investors cutting their stakes in the company to 8.78% as of March 2024, nearly half of 16.27% in March 2021. Mutual funds also trimmed their stake to 3.55% from 3.94% in the same period.

Concerns of massive debt at parent Vedanta Resources, and Vedanta making hefty dividend payouts to its parent have been among the key reasons weighing on the stock.

ECONOMICS TIMES DATE:19/4/2024 P.NO6

Lenders include DBS, BNP Paribas, HSBC, StanChart, Mashreq, First Abu Dhabi Bank, SMBC; proceeds to be used for refinancing debt and capex

JSW Steel Raises $900-million Loan from Eight Foreign Banks

Joel Rebello & Nikita Perlwal

Mumbai: JSW Steel, India's largest manufacturer of the alloy, has raised $900 million from a consortium of eight foreign banks to refinance debt maturing this month and prepay some high-cost borrowings.

The loan was priced 180 basis points above the international secured overnight financing rate (SOFR) earlier this month, multiple people aware of the details said. One basis point is a hundredth of a percentage point.

Eight banks — Singapore's DBS Bank, France's BNP Paribas, UK-based HSBC and Standard Chartered, UAE's Mashreq Bank and First Abu Dhabi Bank, Japan's Sumitomo Mitsui Banking Corp (SMBC) and Taiwan's CTBC Bank — are the joint underwriters for the loan.

"The company has some repayments due including $500 million for a dollar bond that matures this month. The money raised will be used to repay this and other foreign currency borrowings with the residual used for capital expenditure," said a person aware of the transaction. JSW Steel did not respond to an email seeking comment.

The company did not reply to an email seeking comment. Spokespersons for HSBC, Standard Chartered and BNP Paribas declined to comment while DBS, and SMBC did not reply to emails seeking comment. Other banks could not be immediately reached.

JSW raised $500 million through a five-year bond in April 2019 at 5.95% which matures this month. The proceeds of the loan will help the company repay that bond. The three-month SOFR is currently trading at around 5.35%, and at 180 basis points above the SOFR, JSW will pay around 7.15% for the loan.

Meanwhile, the consortium of banks will conduct roadshows in Singapore and Dubai for syndication of the loan later this month.

BUSINESS LINE DATE:19/4/2024 P.NO8

Silver purchase in India down 38% in 2023: Silver Institute

Subramani Ra Mancombu
Chennai

India's physical investment in silver dropped by a whopping 38 per cent in 2023, even as demand for silver jewellery and wares too declined, the Silver Institute's "World Silver Survey 2024" has said. As a result, silver imports plunged by 63 per cent to a two-year low of 111.7 million ounces in 2023.

However, trading in Indian commodity exchanges witnessed significantly higher growth, reflecting the outperformance of silver prices in local currencies relative to the dollar price, the survey, prepared by leading precious metal consultancy Metal Focus, said.

FUTURES TURNOVER UP

On the Multi Commodity Exchange of India, futures turnover rose by 13 per cent and options trading jumped by more than five-fold.

Physical investment in India was down to 49.3 million ounces (moz) from 79.4 moz on record high prices in rupee terms, resulting in profit-taking. Fresh investors had only limited windows for bargain hunting.

The growing popularity of ETPs also undermined physical investment in the country, it said. The decline comes after the country's silver demand doubled and there was a 188 per cent rise in exchange-traded funds in 2022 — a seven-year high.

Investment in the white precious metal was weak in India due to record high domestic prices and weak rural incomes, the New York-based institute's survey said.

SOME SOLACE

Domestic prices gained after the government increased the customs duty on silver bars from 10.75 per cent to 15 per cent and

the duty on silver doré from 9.21 per cent to 14.35 per cent. This resulted in increased recycling of jewellery scrap, particularly silverware and jewellery.

While global silver prices fell one per cent intra-year, the depreciation of the rupee saw domestic prices rise by 7 per cent. "Indian silver demand has always been price sensitive, and therefore the price achieving new highs last year and holding at higher levels (above ₹70,000/kg) for several months encouraged investors to take profits while fresh investors had little opportunity for bargain hunting except for during September and October when the price corrected," it said.

The absence of arbitrage opportunities — where investors buy physical and sell on exchange to earn a yield — for much of 2023 hit demand from high-net-worth individuals who tend to dominate this trade, the institute said.

Global silver jewellery fabrication demand dropped 13 per cent in 2023 with the losses mainly concentrated in India after demand eased since topping the record in 2022, it said.

"On top of destocking, this reflected the impact of record high rupee prices on consumer buying due to the bullion import duty hike and currency depreciation. Excluding India, losses were far more modest at just 3 per cent," the survey said.

Losses in jewellery demand were entirely due to South Asia, mainly India, due to high domestic prices.

However, the survey saw bright prospects for silver demand in India in 2024. Jewellery fabrication is expected to recover in 2024 by a modest 4 per cent across the globe, with India expected to be the biggest contributor, in part as restocking by retailers resumes, it said.

HZL is now the 3rd largest global silver producer

Hindustan Zinc Limited (HZL), a unit of the Vedanta group company in zinc-lead-silver business, has become the third largest silver producer globally, the World Silver Survey 2024 said.

The survey, brought out by the New York-based The Silver Institute, said the company's Sindesar Khurd Mine was now the world's second largest silver-producing mine, moving up from last year's fourth position.

Hindustan Zinc Chairperson Priya Agarwal Hebbar said, "the company's record silver production of 746 tonnes paves the way for *Atmanirbhar Bharat*. Hindustan Zinc's production growth of 5 per cent year-on-year is attributed to increased ore production and enhanced grades, reinforcing its status as a key player in the global silver market."

The company achieved this feat using innovative technologies and sustainable mining practices, which helped it in optimising the production process while reducing the environmental impact.

Additionally, the London Bullion Market Association (LBMA) has recognised HZL's Pantnagar silver refinery and it has been included in the London good delivery list.

BUSINESS LINE
DATE:19/4/2024 P.NO8

COMMODITY CALL.

Buy aluminium at the current level of ₹237

Akhil Nallamuthu
bl. research bureau

Aluminium futures on the Multi Commodity Exchange (MCX) have been on a rally since early March. It rebounded on the back of the support at ₹200.

Last week, the contract broke out of the resistance at ₹226. Early this week, aluminium futures hit a record high of ₹238.15 and the price action indicates that further rally is possible.

The nearest notable support from the current level is the price band between ₹250 and ₹255. A breakout of ₹255 can lift aluminium futures to ₹275.

On the other hand, if the contract falls from here, it can find support at ₹230. A break below this can turn the outlook weak for the near-term, possibly leading to a fall to ₹220, where the 20-day moving average currently lies.

TRADING STRATEGY

Buy aluminium futures at the current level of ₹237 and add longs if the price dips to ₹232. Place initial stop-loss at ₹228.

When the contract touches ₹245, tighten the stop-loss to ₹238. Book profits at ₹250.

BUSINESS LINE DATE:19/4/2024 P.NO8

Copper rallies to 22-month high as inventories tighten

Reuters
London

Copper prices climbed to the highest levels in 22 months as funds extended their buying spree, while the dollar weakened and inventories tightened.

The rally that has fuelled gains of 13 per cent in copper so far this year contrasted, however, with lacklustre physical demand for copper in the biggest consumer China, analysts said.

Three-month copper on the London Metal Exchange gained 1.3 per cent to $9,705.50 a tonne.

The most-traded June copper contract on the Shanghai Futures Exchange closed up 2.8 per cent at 78,780 yuan ($10,882.42) a tonne.

Available inventories on the LME fell by 15,200 tonnes to a one-month low of 90,400 tonnes after investors gave notice to the exchange they wanted to remove inventories, data showed on Thursday.

LME tin climbed to $33,945, its highest since June 2022, before paring gains to $33,690, a rise of 2.8 per cent.

Aluminium edged up 0.2 per cent to $2,591.50 a tonne; nickel advanced 0.9 per cent to $18,410; lead gained 1.4 per cent to $2,186, while zinc slipped 0.9 per cent to $2,813.

THE HITAVADA DATE:20/4/2024 P.NO9

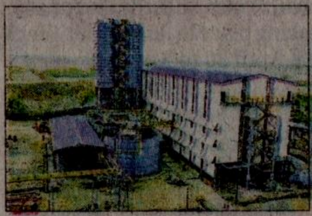
Hindustan Zinc Q4 net PROFIT drops 21 pc to Rs 2,038 crore

NEW DELHI, Apr 19 (PTI)

VEDANTA group firm Hindustan Zinc Ltd (HZL) on Friday said its consolidated net profit declined 21 per cent to Rs 2,038 crore for the quarter ended March 31, 2024, mainly on account of lower zinc price.

The company posted a consolidated net profit of Rs 2,583 crore in the corresponding quarter of the previous fiscal.

"Net profit for the quarter stood at Rs 2,038 crore, marginally up sequentially and down 21 per cent Y-o-Y (Year-on-Year)," Hindustan Zinc said in a statement. The drop in net profit is "on account of lower zinc prices, partly offset by significant cost improvement by 11 per cent and silver volume improvement by 5 per cent," the company said. The consolidated income of the company in the January-March quarter declined to Rs 7,822 crore, over Rs 8,863 crore in the year-ago period.



"FY2023-24 has been a year of solid growth for HZL, with mined metal, refined metal, and silver recording its highest historic production levels, supported by a backdrop of fatality-free operations. As part of our strategy, it was driven by our increased focus on silver & metal production and cost optimisation. The company withstood the market headwinds during the year, ensuring preservation of margins and shareholder value," the company's Chief Executive Officer Arun Misra said.

In the last financial year, the company contributed Rs 13,197 crore to the government treasury. The company generated a cash flow of Rs 2,099 crore during the fourth quarter of FY24. HZL said it has a robust free cash flow from operations post capex of Rs 9,004 crore for FY24. Hindustan Zinc is in the zinc, lead and silver businesses. It is the world's second largest integrated zinc producer and now the third largest silver producer. The company has a market share of 75 per cent of the growing zinc market in India with its headquarters in Udaipur along with zinc, lead mines and smelting complexes spread across Rajasthan.

NAVBHARAT DATE:20/4/2024 P.NO4

सोने में 400 और चांदी में 300 रुपये की गिरावट

■ नागपुर, व्यापार संवाददाता. स्थानीय सराफा बाजार में शुक्रवार को सोने और चांदी की कीमतों में गिरावट रही.

वैश्विक बाजारों में मजबूत रुख के बावजूद सोना 400 रुपये की गिरावट के साथ 73,900 रुपये प्रति 10 ग्राम पर आ गया. पिछले कारोबारी सत्र में सोना ऑल टाइम हाई 74,300 रुपये प्रति 10 ग्राम पर चल रहा था. इसी तरह चांदी की कीमत भी 300 रुपये की गिरावट के साथ 83,700 रुपये प्रति किलोग्राम पर आ गई, जो कि पिछले कारोबारी सत्र में 84,000 रुपये प्रति किलोग्राम पर चल रही थी. वहीं अंतरराष्ट्रीय बाजार कॉमेक्स (जिंस बाजार) में हाजिर सोना 2,390 डॉलर प्रति औंस पर रहा, जो पिछले बंद भाव से 15 डॉलर ऊंचा है.

सीरिया में अपने वाणिज्य दूतावास पर छापे के जवाब में ईरान द्वारा इजराइल पर हमला करने के कुछ दिनों बाद ईरान पर इजराइल के हमले की रिपोर्ट के बाद शुक्रवार को एशियाई कारोबारी घंटों में वैश्विक बाजार में सोना रिकॉर्ड ऊंचाई पर पहुंच गया. इससे एक बड़े क्षेत्रीय संघर्ष की संभावना बढ़ गई है जो सोने की ऊंची कीमतों का समर्थन करेगा.

BUSINESS LINE DATE:20/4/2024 P.NO2

Hindustan Zinc re-engaging with Mines Ministry for demerger plan

RIGHT TIME. Zinc prices are seeing a 'good rally' while metal stocks are up, says CEO Arun Misra

Abhishek Law
New Delhi

Vedanta-owned Hindustan Zinc has come up with re-worked demerger plans.

It will now look to have two companies — one for zinc and lead and the second for silver — against the previous plans to have three demerged entities.

The company top brass is again engaging with the Government to bring the Mines Ministry — the majority of the minority shareholder — on board with the now modified demerger proposals, Arun Misra, MD and CEO, Hindustan Zinc, told *businessline*.

While Anil Agarwal-owned Vedanta has a 64.92 per cent majority-stake in Hindustan Zinc, the Ministry holds around 29.54 per cent.

The proposal previously rejected included creating three separate legal entities — one for zinc and lead, another for silver, and ultimately a third for recycling business — to unlock shareholder value. The objections came on the grounds that the "timing of the demerger was not appropriate".

> Under such a circumstance, the company expected demerger to add another $3-4 billion to its market-cap
>
> **ARUN MISRA**
> MD & CEO, Hindustan Zinc

It was also pointed out that creation of multiple entities will lead to confusion in the mind of the investor at the time of disinvestment.

Hindustan Zinc, the third largest producer of silver globally, and amongst the top zinc producers, is on the Centre's disinvestment radar.

"We are re-engaging with the Centre, as we believe that the demerger will be beneficial. There is no new proposal. But we re-worked the existing one. There will be two separate companies now, zinc and lead, and silver," Misra said.

According to him, zinc prices are witnessing a 'good rally' while metal stocks are up. Demand for silver continues to be strong. Under such a circumstance, the company expected demerger to add another $3-4 billion to its market-cap.

BETTER MARKET CAP

"Our market capitalisation is now at $20 billion. And, had the demerger been cleared, the combined market cap across the zinc and silver entities would now be somewhere be in $24 billion range," Misra said.

"The apprehensions around the OFS or investor interest have been raised by the Ministry, but considering the rally in metal stocks now, it could have been a good time for push for disinvestment, too," he added.

A recent road-show on disinvestment was carried out in Mumbai.

MINISTRY NOD, A MUST

"Either way, the demerger or any proposal surrounding Hindustan Zinc needs to take place keeping the Mines Ministry on-board," a Ministry official said. The demerger proposal requires approval of shareholders.

The Hindustan Zinc board comprise Priya Agarwal Hebbar – Anil Agarwal's daughter – who is currently the Chairman; Arun Misra, the CEO; and Navin Agrawal. Other board members include Akhilesh Joshi – former CEO of Hindustan Zinc (2012-15); Kannan Ramamirtham and Pallavi Joshi Bakhru.

Government officials, on-board, include bureaucrats from the Ministry of Mines - Veena Kumari Dermal and Farida M Naik; apart from Joint Secretary and Financial Advisor Ministry of Coal and Ministry of Mines, Nirupama Kotru.

Q4 net declines 21% to ₹2,038 crore

Hindustan Zinc saw a 21 per cent year-on-year decline in profit-after-tax to ₹2,038 crore for the quarter ending March 31, 2024. Standalone PAT in the year-ago-period was ₹2,589 crore.

The hit came on account of a slowdown in zinc prices, and supply outstripping growth in demand. On a sequential basis, profits remained flat.

Sales declined 11 per cent y-o-y to ₹7,550 crore for the quarter under review.

Sales declined across categories such as zinc and lead, down 17 per cent and 8 per cent y-o-y, respectively. Silver sales, however, were up 12 per cent y-o-y.

Net profit declined 26 per cent to ₹7,787 crore (₹10,520 crore) in FY24. Sales also declined 22 per cent y-o-y to ₹13,681 crore; whereas it stood at ₹17,596 crore in FY23. On an annual basis, zinc sales declined by 25 per cent.

According to the company statement, mined metal production for the full year was 1,079 kt, up 2 per cent y-o-y, on account of improved mined metal grades.

Refined metal production for the full year was marginally up at 1,033 kt. Zinc production was down on a y-o-y basis.

According to Sandeep Modi, CFO, Hindustan Zinc, despite plunging metal prices, the company sustained a steady margin of 47 per cent and recorded a fifth consecutive quarter of cost reduction. "Maximisation of silver production leveraging the prices, and power plant modifications leading to lowering of power costs, were some steps."

DAINIK BHASKAR DATE:21/4/2024 P.NO9

2023-24 में रत्न, आभूषण निर्यात 12.17 प्रतिशत घटा

▪ 2.65 लाख करोड़ रुपए पर आया: जीजेईपीसी

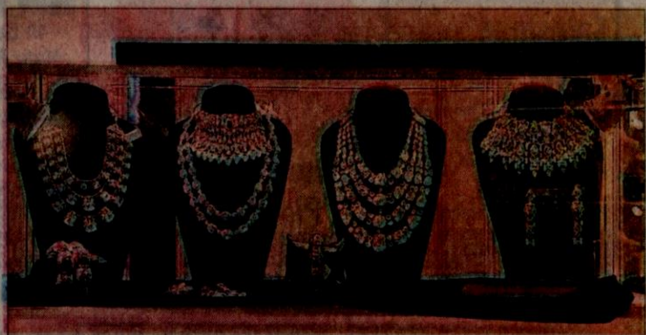
एजेंसी | मुंबई

देश का रत्न और आभूषण निर्यात बीते वित्त वर्ष के दौरान 12.17 प्रतिशत घटकर 2,65,187.95 लाख करोड़ रुपये रहा। रत्न एवं आभूषण निर्यात संवर्द्धन परिषद (जीजेईपीसी) के आंकड़ों में यह जानकारी दी गई। इस दौरान अमेरिका में ऊंची ब्याज दरों और चीन में धीमे सुधार के कारण उद्योग का प्रदर्शन प्रभावित हुआ। वित्त वर्ष 2022-23 में रत्न एवं आभूषण का निर्यात 3,01,925.97 करोड़ रुपये था। जीजेईपीसी के चेयरमैन विपुल शाह ने कहा, 'पिछला वित्त वर्ष सभी उत्पाद श्रेणियों के लिए बहुत चुनौतीपूर्ण था। ऐसा मुख्य रूप से अमेरिका में ऊंची ब्याज दरों से उत्पन्न मंदी के कारण हुआ, जो इस क्षेत्र में भारत का सबसे बड़ा निर्यात बाजार है। इसके अलावा, चीन में कोविड-19 के बाद सुधार की प्रक्रिया धीमी रहने से भी प्रभाव पड़ा।' इस बीच, वित्त वर्ष 2023-24 के दौरान तराशे और पॉलिश किए गए हीरों का कुल निर्यात 25.23 प्रतिशत घटकर 1,32,128.29 करोड़ रुपये रह गया, जबकि 2022-23 की समान अवधि में यह 1,76,716.06 करोड़ रुपये था। पॉलिश वाले कृत्रिम हीरों का अनंतिम सकल निर्यात बीते वित्त वर्ष में 13.79 प्रतिशत घटकर 11,611.25 करोड़ रुपये रह गया, जो वित्त वर्ष 2022-23 में 13,468.32 करोड़ रुपये था। हालांकि, अनंतिम आंकड़ों के अनुसार सोने के आभूषणों का कुल निर्यात 2023-24 में 20.57 प्रतिशत बढ़कर 92,346.19 करोड़ रुपये हो गया, जो 2022-23 में 76,589.94 करोड़ रुपये था।

THE HITAVADA (CITYLINE) DATE:21/4/2024 P.NO6

Gems, jewellery exports in FY24 dip by 12.17 pc to Rs 2.65 lakh cr: GJEPC

■ **Business Reporter**



GEMS and jewellery exports declined by 12.17 per cent to Rs 2,65,187.95 crore (USD 32,022.08 million) during 2023-24, compared to the previous financial year due to high interest rates in the US and slow recovery in China, Gem and Jewellery Export Promotion Council (GJEPC) data showed.

Gems and jewellery exports in FY23 stood at Rs 3,01,925.97 crore (USD 37,646.17 million), according to GJEPC data.

"The last financial year was very challenging for all product categories. This was mainly due to slowdown in the US, India's biggest export market in the segment, due to high interest rates. Also, slow recovery in China post Covid-19," GJEPC chairman Vipul Shah told PTI.

Meanwhile, the overall exports of Cut and Polished diamonds declined by 25.23 per cent during FY24 to Rs 1,32,128.29 crores (USD 15,966.47 million) compared to Rs 1,76,716.06 crores (USD 22,046.9 million) for the same period of previous year.

Provisional gross export of Polished Lab Grown Diamonds dipped by 13.79 per cent Rs 11,611.25 crores (USD 1,402.3 million in FY24 compared to Rs 13,468.32 crore (USD 1,680.22 million) of FY23.

However, according to the provisional export of total gold jewellery witnessed a growth of 20.57 per cent at Rs 92,346.19 crore (USD 11,140.780 million) in FY24 against Rs 76,589.94 crore (USD 9,538.84 million) in the previous year.

Provisional gross export of silver jewellery dipped by 43 per cent in FY24 at Rs 13,406.1 crores (USD 1,616.42 million) from Rs 23,556.71 crores (USD 2939.9 million) in FY23.

Lijee Philip & Shantanu Nandan Sharma

"Whenever the price of milk and rice go up, buy gold." Thomas John Muthoot doles out this sagely advice which, on the face of it, has conflict of interest written all over it. For starters, Muthoot's ₹3,500 crore company, Muthoot Fincorp, which offers loan against gold, profits from fluctuations in the price of the yellow metal. But Muthoot says he is only quoting a Madurai-based homemaker who, in turn, lives by her grandmother's wisdom.

The grandmother seems to be setting the trend these days. As two wars ravage the world and standard financial instruments appear risky, gold prices have set new records, and it has become the asset to bank on. Gold is retailing at ₹7,500 per gram for 24 carats and is shaking up home and market equations around the world.

India is the second largest consumer of the yellow metal after China. It is estimated that Indian households are sitting on 27,000 tons of gold. The figure does not include the Reserve Bank of India's gold reserves of over 800 tons. This means, the rising prices of the metal make ordinary Indians richer, as middle-class citizens residing both in rural and urban areas own a substantial chunk of the yellow metal, mainly in the form of jewellery.

BUY INDIA, BUY

Muthoot says higher gold prices have been encouraging more people to see gold loan as an option, something that was considered a taboo until recently. "As gold prices rise, the value of the collateral increases, allowing customers to avail larger loan amounts against the same quantity of gold. This has helped increase disbursements and assets under management (AUM)," he says.

India mines less than 1% of the gold consumed in the country. Recycling makes up around 14-15%. The rest of the gold—roughly 85% or 780 tons in FY23—is imported, burning a big hole in the country's foreign exchange reserves.

A portion of the gold bars imported, however, gets exported after being processed in India. In the first 10 months of FY24 (April-January), for which data is available, India exported gold valued at $11.3 billion as against its import of $40.4 billion. Switzerland, the United Arab Emirates (UAE), South Africa, Peru and Australia are the top five suppliers of gold to India.

Historically, rising gold prices have prompted consumers to encash their holdings. "However, this has not been the case now, reflecting higher confidence among consumers," says Sachin Jain, regional CEO (India), World Gold Council. He says Indian households have created a

CONTINUED RIGHT SIDE

Heavy Metal Wrap

Gold's record-high prices present an opportunity for Indians sitting on piles of household reserves: it's now well and truly an investment device

strong cultural bond with economic wisdom by linking gold with auspicious festivals. "Higher prices of gold encourage investments in gold-linked digital and other products," he adds.

Will gold enthusiasts continue to invest as prices soar? According to Rajiv Popley, director of Mumbai-based jeweller Popley Group, Indians are undeterred by the rising price and they tend to buy gold at any time. "Indian consumers always have gold at home and yet they are happy to buy more," he says.

GOLD FOR VENTURE CAPITAL

Non-banking financial companies (NBFCs) have recently seen a surge in startup entrepreneurs approaching them for gold loans. Ticket sizes of such loans have also been increasing. Interestingly, the average age of gold borrowers is declining. Umesh Mohanan, executive director and CEO of Indel Money, an NBFC, cites an example of a young IT professional from Bengaluru who quit her job and took a gold loan of ₹500,000 before raising bigger funds. "We handheld her in the first mile," says Mohanan. "Since no underwriting is required for a gold loan, she could immediately start her business. Once her business grew, she could access a bank loan."

However, there isn't a clear trend yet on the younger generation stepping up to invest in gold. "Changing demographics and the possibility that millennials will move away from gold as other luxury items demand their attention cannot be ignored," says a World Gold Council report titled "India's Gold Market: Reform and Growth", which was published in December last year. The report highlights some positive scenarios as well. "Gold jewellery demand will likely benefit from strong economic growth and growing urbanisation as incomes rise and the middle class grows. As more people are lifted out of poverty, gold jewellery demand will benefit," it says.

According to the commerce ministry's data, India's import of gold jewellery rose to $1.1 billion in FY23, a rise of 80% y-o-y, before jumping to $2.5 billion in the first 10 months of FY24. Finished jewellery imports, however, form only a tiny component of overall gold imports, as about 95% of India's imports of the yellow metal are in the form of unwrought gold bars.

With increasing geopolitical unrest, the perception of risk in other assets like stock and bond is leading to more investments in gold, affecting its availability and price for regular consumers"

THOMAS JOHN MUTHOOT,
Chairman, Muthoot Fincorp

THE STORY SO FAR

Though India liberalised the gold market in the 1990s, some restrictive measures were imposed on imports in the early 2010s. This U-turn was a result of excessive gold imports—900 tons in 2010—which was one of the reasons for the widening of current account deficit. Between January and August 2013, GoI raised the import duty on bullion, from 2% to 10%, according to the World Gold Council's December 2023 report. The then government also introduced what is often called the 80:20 rule, under which 20% of all gold imported had to be mandatorily exported as jewellery. This was rolled back in November 2014. The duty on gold was raised to 12.5% in 2019, but Budget 2021 reduced the duties on gold bars to 10.75%. In this decade-long high-duty regime, smuggling of gold into India is believed to have increased manifold.

In its recent negotiations on free trade agreements with gold-supplying nations, New Delhi has been cautious while granting gold-related concessions. While the UAE was handed duty concessions in 2022, the same was not extended to

1 Tola = 11.66 gm; price of the first week of April is factored in

Source: World Gold Council

With rising expectations that inflation is likely to remain high, the real interest rates become less appealing for investment. Therefore, gold, which although offers no return, becomes more attractive than other investments"

RUMKI MAJUMDAR,
Chief Economist, Deloitte India

CONTINUED RIGHT SIDE

Australia and Switzerland. Trade negotiations with Peru, another major gold supplier, are currently at an advanced stage.

Gold as an investment is a new concept, though. There's a historical reason for it. Between 1950 and 1970, gold prices were hovering in the ₹100-200 bracket (price per tola or 11.6 gram) before gradually moving up. Even at the turn of the millennium, it was affordable, staying under ₹5,000. The price moved faster during the last two decades. "If gold price keeps increasing at this pace, it will be more an investment commodity than a consumer item," says Surendra Mehta, national secretary, India Bullion and Jewellers Association, attributing the recent hike to massive buying by Chinese consumers as well as central banks around the world.

Despite being a non-yielding asset, gold often serves as a hedge against inflation and offers stability during stock market dips, making it an integral part of the financial portfolio of most smart investors. Rumki Majumdar, chief economist of Deloitte India, unpacks the relationship between inflation and gold as a strategic investment alternative. "Given that the US economy is expected to be strong and the labour market remains tight, inflation in the US may remain higher for longer than expected. With rising expectations that inflation is likely to remain high, the real interest rates become less appealing for investment. Therefore, gold, which although offers no return, becomes more attractive than other alternative investments," she says.

Colin Shah, MD of Kama Jewellery and former president of Gem & Jewellery Export Promotion Council (GJEPC), does not foresee any softening of demand either in India or in China even if gold prices remain firm. "Gold buying in India could soften only in the next two-three months, basically the summer period with no festivals. And if some good news arrives by the end of this quarter, for instance, a resolution of the Russia-Ukraine or the Israel-Hamas conflict, the price of gold may correct from July onwards." When asked about the scenario if the conflict escalates, he says, "If there is no resolution to these geopolitical crises, gold prices will continue to stay high even in the July-September quarter."

Gold, then, has arrived as the gold standard of investment, its price fluctuations offering an opportunity rather than threat. It is up to the investor to deploy it effectively to extract maximum benefits.

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CONTINUED DOWN SIDE …

Gold's Own Country

Don't be fooled by the current lull in gold smuggling. Kerala's insatiable appetite for the yellow metal and high import duties mean it will be a perennial activity

Indulekha Aravind

The flight path of smuggling gold into Kerala is rather familiar. A carrier, mostly from the United Arab Emirates, agrees to transport the contraband in return for a commission and an air ticket. They WhatsApp their photo just before boarding so that those who are waiting at or near the destination airport to receive the illegal glitter can easily recognise them. Sometimes, that script can take a turn.

Scenario 1. The carrier strikes a deal with a different buyer, often a rival gang, changes their shirt before they land to avoid detection and hands the contraband to the new recipient for a higher cut. This is called "busting". If things get really desperate, the carrier may even get kidnapped.

Scenario 2. This is a riskier activity to throw the Customs off the scent and sneak past the intended recipient. The Customs will get a false tip-off about a carrier, while the gold booty is transported by another passenger. As the word spreads that a carrier has been caught, the intended recipient will lie low for a few days. Meanwhile, the person carrying the gold will deliver it safely to the rival buyer.

In the shadowy world of gold smuggling in Kerala, which intersects with gang rivalry and hawala money transactions, all of these are par for the course. "There have been many such instances of what we call 'pottikkal' or busting in Kerala," says a Customs official in the northern part of the state, who has requested anonymity.

One of the most dramatic instances of busting unravelled in the state in June 2021, when a carrier arrived from Dubai concealing gold in a coffee maker. He had multiple rival gangs lying in wait to meet him at the Kozhikode airport. The Customs officials nabbed the carrier just before he left the airport. Meanwhile, those waiting outside were tangled in a high-speed vehicle chase. One of the vehicles collided with a truck, killing five gang members and opening a can of worms. Multiple arrests were made. But none of it was a deterrent to either smuggling or busting, which continues in the state alongside a seemingly unquenchable appetite for the yellow metal. Between 2020 and 2023, Kerala saw the highest number of gold smuggling cases in the country. In 2023, Kerala was No.3, after Maharashtra and Tamil Nadu.

ALL THAT GLITTER

Historically, Kerala has been a large market for gold, a favourite with families who keep buying the metal—brides are decked with it and bank lockers are stocked with it. It is Malayali's safe-haven asset. When things turn dire, it is pledged for a loan.

About a quarter of the 800-1,000 tonnes of gold that India imports heads to Kerala, says Abdul Nazar, national director, All India Gem and Jewellery Domestic Council. With gold rates currently close to a record ₹75,000 for 10 gm, there is a slight lull in sales as customers are waiting for prices to drop. Even if they do not, jewellers are confident that demand will bounce back; such is the Malayali's obsession. Jewellers say those who have weddings this year are making "advance bookings", striking deals to pay in today's prices or the rates at the time of the actual purchase, whichever is lower.

There is also a lull in gold smuggling, says the Customs official. "Since prices are high, the margin for smuggled gold will be less (compared with prices in Dubai). While they have to pay ₹75 lakh for a kilo of gold, the profit might be only about ₹3 lakh, which includes the cut for carriers. Unless they are very sure they won't be caught, the risk might not be worth it," says the official.

Multiple Customs operations to seize smuggled gold in Kerala did not yield much last month. But this quiet period may be temporary. Due to an endless demand for gold, combined with a high import duty of 15% and a stream of passengers from Gulf countries to Kerala's four international airports who act as carriers—at times under duress but mostly voluntarily—smuggling is a perennial activity.

In the last couple of years, the favourite modus operandi of smugglers is to conceal gold in body cavities, usually as capsules in the rectum. "Gold dust is mixed in a rubber paste along with sand and put in rubber or plastic capsules and inserted in the rectum," says an official, who was previously with the Customs department in Chennai. "The gold dust will be extracted through heat treatment of the paste." This is particularly hard to spot by metal detectors. At times, trained eyes can pick up the carrier, who might show signs of stress. "Suspected passengers can be made to squat for a while—the pain will become unbearable and they will give up after a short time," the official says.

CASES OF GOLD SMUGGLING

(*up to Oct)

Source: Finance ministry, Rajya Sabha

GOLD SMUGGLERS' MODUS OPERANDI

- Turn gold into powder/ paste
- Hide gold capsules in body orifices
- Hide it in electronic devices
- Spray gold on layers of cloth

Source: Customs officials, directorate of revenue intelligence report

CONTINUED RIGHT SIDE

Complicating matters is the occasional connivance of Customs and security officers or airport and airline staff with smuggling rings.

The official in Kerala says there is another red flag—if the passenger is headed towards Koduvally. The town in Kozhikode district is legendary for its density of jewellery shops, which has also earned it the notoriety for being a centre for gold smuggling. In one instance, a woman travelling with three children attracted the attention of an officer precisely because they were going to Koduvally. Her husband was travelling on a different ticket, which further set off the alarm bells. On examination, both were found to be carrying gold illegally. K Surendran, general secretary of All Kerala Gold and Silver Merchants Association and a native of Koduvally, says the place is being tarnished unfairly. "It's not that there are more cases here than in the adjoining districts of Malappuram or Kannur but the media highlights Koduvally, which has affected its branding," he says.

Typically, carriers agree to bring in gold worth less than ₹1 crore. If it's higher, it becomes a non-bailable offence that can attract seven years of imprisonment. If it is less than ₹50 lakh, it is only a civil offence. "Of the passengers landing in Kerala with illegal gold, we are able to catch only 5-7%," says the Kerala official.

What could help, says the official who was earlier in Chennai, is an increased deployment of body scanners. Nazar says the unofficial estimate of the value of gold smuggled into Kerala is ₹1 lakh crore. As long as the import duty on gold is high and the penalty is not severe, smuggling will be attractive, he says. "If import duty is brought down to 4-5%, smuggling will come down." Currently, unemployed youth are willing to act as couriers and smugglers are ready to go to houses to take orders, he says. "The government needs to step up its vigil."

But the Customs official in Kerala is not hopeful that the illicit Kerala gold story will come to an end. "It's too profitable," he says.

ECONOMICS TIMES DATE:23/4/2024 P.NO7

Coal Min Expects 38-40 MT of Fuel Stock at Power Units by June 30

Shilpa. Samant
@timesgroup.com

New Delhi: The coal ministry is expecting a closing stock of around 38-40 million tonnes at domestic coal-based power plants by June 30, when the summer demand starts cooling off from highs and monsoon logistical disturbances pick up.

The target is 13-19% higher than the stock on the same date last year. The stock is expected to be sufficient to start the monsoon season, when coal production and evacuation typically slows down, a senior government official said.

"There is massive improvement in rail transportation in Mahanadi Coalfields. The average rake supply [in Mahanadi Coalfields] is currently at 99-100 per day compared with 94 per day in FY24," the official said, adding that the same was at 84 per day in FY23.

Start of coal transportation from Dhamra and Gangavaram ports a few months back and restart of production from Rajmahal mines last year have also helped in increasing the supply to power plants, the official said.

During monsoon, depletion of stock can be higher as coal production and transport take a hit. The current stock at domestic coal-based power plants is around 46.5 million tonnes. Moreover, the financial year started with 47.3 million tonnes, much higher than last year's 34.5 million tonnes. Higher fuel stocks leave a cushion to raise power generation as demand rises, reducing the urgency of quick rail-way transportation.

Coal and lignite production in India crossed 1 billion tonnes in March 2024, in line with the government's target. A mission for 1-billion-tonne output was a milestone set a few years back considering the rising electricity requirements.

Power consumption is expected to rise 11.7% year-on-year in May to 151.5 billion units and 8% in June to 151.1 billion units, according to another government official.

The power ministry has also worked out a multi-pronged approach to prepare for higher demand, including extending the mandate for imported coal-based units to run at full capacity till September and exploring the possibility of using surplus power from captive plants.

The coal ministry earlier said it is taking strategic initiatives for sustainable development and self-reliance in the energy domain. It is aiming for zero thermal coal imports by FY26.

BUSINESS LINE DATE:23/4/2024 P.NO3

Major ports see 5% rise in traffic in FY24, driven by iron ore exports, coking coal impor

Abhishek Law
New Delhi

India's major ports saw a 5 per cent-odd y-o-y increase in cargo traffic, including container movement, to 819.3 million tonnes (mt), driven by rising iron ore exports and increasing coking coal imports. Cargo traffic in the earlier fiscal (FY23) was 784.3 mt, data by the Indian Ports Association, accessed by *businessline*, show.

Coking coal and PCI shipments (including met-coke) coming in increased by 10.24 per cent to 65 mt last fiscal against the 59 mt reported in the year-ago-period, primarily on the back of strong demand in the country and an increased production. Steel consumption increased 14 er cent to 136 mt, while finished steel production was up 12.4 per cent to 138.5 mt. Coking coal is a key steel-making raw material and India is amongst the largest importers globally.

PORT-WISE

On the other hand, iron ore shipments was up at 61 mt, up 33 per cent y-o-y over the 46 mt in FY23. Increased buying from China, specially till January, took outbound shipments to a three-year-high. The other segment that saw increased movement was petroleum offerings, which stood at 246 mt, up 5 per cent y-o-y. Shipments – inbound and outbound both – in the petroleum, oils and lubricant category was at 234 mt a year back. Mormugao saw the highest increase in traffic in percentage terms, by nearly 19 per cent to 21 million in FY24. It was at 17 mt in FY23. The rise came on the back of increased iron ore exports to 5 mt, up 117 per cent y-o-y. Traffic across all other categories, like petroleum, coking coal and thermal coal saw a decline. Paradip, reported the highest cargo traffic at 145.4 mt, up 8 per cent y-o-y. The port saw a near 14 per cent increase in coking coal shipments coming in 15.4 mt, against the 13.4 mt in the year-ago period; while iron ore shipments saw a 40 per cent increase to 18.5 mt. Petroleum and thermal coal shipments remained flat.

Haldia dock, part of the Syama Prasad Moo
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BUSINESS LINE DATE:23/4/2024 P.NO10

Zinc prices likely to come under pressure on excess supplies, say analysts

Subramani Ra Mancombu
Chennai

Zinc prices on the London Metal Exchange (LME) are currently ruling at a one-year high but slow global economic growth and excess supplies will likely drag the metal's prices, analysts say.

The outlook for zinc demand remains subdued due to slowing global growth and ongoing weakness in China's property market, the Australian Office of the Chief Economist (AOCE) said in its "Resources and energy quarterly".

Research agency BMI, a unit of Fitch Solutions, said refined zinc production growth will continue to rebound in 2024 following strong growth in 2023. This followed widening annual production deficits in 2021 and 2022, carried by significant growth in leading producer China.

The research agency has forecast an annual surplus of 1,92,000 tonnes in 2024 following a surplus of 1,96,000 tonnes in 2023. The *Trading Economics* website said currently, a firm dollar is overshadowing the supply threats.

PRICE FORECAST

The AOCE forecast zinc price to rise gradually (in real terms) over its outlook period to 2029, from around $2,400 a tonne to around $2,700.

BMI said it was maintaining its zinc price forecast for 2024 at $2,500, dropping from an annual average of $2,651/tonne in 2023 as excess market supply drags prices.

At the same time, despite earlier expectations of strong Chinese demand throughout 2024, an uncertain growth outlook for China and a subdued growth outlook across major markets will limit price growth, it said.

"Beyond 2024, our longer-term view on zinc prices remains below 2022 levels. We forecast zinc prices to average $2,560/tonne over 2024-2028," the agency said.

SLUMP

Early on Friday, the zinc 3-month contract on the LME was quoted at $2,804.94 a tonne. The metal, which is used in galvanising steel and iron and to produce alloys, has gained about 10 per cent in 2024 and over 13 per cent this month. LME zinc spot prices were $2,802.

UPBEAT. Research agency BMI said refined zinc output growth will continue to rebound in 2024 following strong growth in 2023

The Australian Office of the Chief Economist said the LME (spot) price is forecast to stay relatively low through 2024, due to the soft demand outlook. This will put mine margins under pressure and raise the prospect of further price-induced mine closures.

The Trading Economics website said higher US inflation data prompted investors to scale back their expectations of Fed interest rate cuts. This raised the appeal of greenback, which is used in pricing zinc futures, and reduced the purchasing power.

Furthermore, the continued slump in the property sector of top consumer China has dented the demand for zinc as a building material, it said.

ING Think, the economic and financial analysis wing of Dutch multinational financial services firm ING, said China's refined zinc output fell 5.6 per cent month-on-month to 5,25,500 tonnes, while primary lead production was down 9 per cent month-on-month to 2,93,700 tonnes last month.

However, BMI said refined zinc production growth will continue to rebound in 2024, following strong growth in 2023. Global production growth in 2024 will be carried by the world's leading producer, China, with production set to increase by 4.5 per cent in 2024, following growth of 7.5 per cent in 2023.

GROWTH TO SLOW

At the same time, the anticipated resumption of Glencore's Nordenham smelter in Germany and the completion of Norway's Odda mine expansion later in the year is set to bolster global zinc production. BMI forecast global refined zinc production to increase by 2.8 per cent in 2024.

However, the pace of refined zinc production growth will slow significantly after 2024. "Globally, we expect a surplus of zinc to depress prices, which will reduce the incentive to invest in new zinc smelter capacity," the research agency said .

Global zinc consumption will likely rise by 2.6 per cent in 2024 but it will be outweighed by sluggish growth in the world economy.

Disappointing growth in the Chinese property sector is one of the reasons that has pegged zinc back, BMI said.

BUSINESS LINE DATE:23/4/2024 P.NO10

Gem, jewellery exports shrink 14% to $32 b on weak demand

Our Bureau
Mumbai

Export of gems and jewellery last fiscal declined 14 per cent to $32.28 billion against $37.74 billion logged in the same period last year due to weak demand. However, gold jewellery exports increased 17 per cent to $11.23 billion against $9.62 billion in the previous year. Thanks to the free trade agreement, plain gold jewellery exports to UAE more than doubled to $4.53 billion in FY24 against $2.18 billion in the previous year. Markets of UAE and Bahrain accounted for over 85 per cent of plain gold jewellery exports.

SHINING. Gold jewellery exports increased 17 per cent to $11.23 billion against $9.62 billion in the previous year REUTERS

Gold jewellery exports to Australia also increased by 37 per cent due to ECTA (Economic Cooperation and Trade Agreement).

Vipul Shah, Chairman, the Gem and Jewellery Export Promotion Council, said the increase in plain gold jewellery exports may be attributed to the pragmatic foreign trade agreements by the government.

CHALLENGES

The implementation of India-UAE CEPA has helped the industry overcome various challenges including economic downturns in major export markets and escalating geopolitical concerns, he added.

However, he said the year was very challenging for exports due to high interest costs, inflation and slackening of market demand in the US and lower growth in China after Covid hit the gem and jewellery industry hard in first half of the year. Also, the Ukraine war and uncertainty on import of rough diamonds from Russia worsened the scenario, he said.

Cut and polished diamond exports last fiscal fell by 28 per cent to $15.97 billion ($22.20 billion) in the previous year.

The diamond industry's decision to voluntarily halt natural rough diamond imports for two months from last October 15 helped address demand-supply imbalances and resulted in a positive impact on the prices of polished diamonds, he added.

GJEPC is in discussion with global diamond miners to increase investments in enhancing generic promotion of diamonds and diamond jewellery in the US, China, Middle East including India, said Shah.

Gross silver jewellery export last fiscal dipped 45 per cent to $1.62 billion ($2.94 billion) while coloured gemstone and platinum gold jewellery exports were up at $479 million($420 million) and $163 million($30 million). Polished lab-grown diamond exports declined 17 per cent to $1.40 billion ($1.68 billion).

BUSINESS LINE DATE:23/4/2024 P.NO10

Copper: Take fresh longs

Gurumurthy K
bl. research bureau

The surge in the Copper price continues. A couple of weeks ago, we had expected the Copper Futures contract on the MCX to rise to ₹840 per kg. This rise has happened. The MCX Copper Futures contract is currently trading at ₹846 per kg.

COMMODITY CALL.

The overall uptrend is intact. Within that, the rise has been gaining momentum over the last three weeks. There is no sign of a reversal yet. Until the prices turn lower, it is better to ride the rally rather than looking for the reversal point.

Support is now around ₹820. The MCX Copper Futures contract can rise to ₹875-₹880 over the next few weeks.

There is some resistance in the ₹875-₹880 region. Failure to breach ₹880 and a turn-around from there can trigger a corrective fall to ₹825-₹820. However, the broader trend will continue to remain up. A fall beyond ₹820 is less likely. As such we can expect the Copper Futures contract to reverse higher again and resume the uptrend. That leg of upmove will have the potential to breach ₹880 and take the price higher to ₹930.

Traders can go long now at ₹846. Accumulate on dips at ₹836 and ₹828. Keep a stop-loss at ₹815. Trail the stop-loss up to ₹852 as soon as the price goes up to ₹858. Move the stop-loss further up to ₹862 when the contract touches ₹866. Exit the longs at ₹875.

Gold prices dip sharply as West Asia tension eases; bodes well for Akshaya Tritiya sales

Our Bureau
Mumbai

Gold prices crashed on Tuesday with easing tensions in the West Asia over the weekend after both Iran and Israel refrained from further drone attacks.

Gold prices plummeted on Tuesday as tensions in West Asia eased with Iran and Israel abstaining from any escalation.

Simultaneously, there was huge profit-booking following the recent price surge and a resurgence in the US economy also exerted downward pressure on gold prices.

Gold prices crashed ₹1,272 per 10 gram on Tuesday to ₹71,311. The fall in prices comes after a run up of ₹4,882/10 gram from ₹66,716 levels on March 26 on the back of geopolitical developments, according to the Indian Bullion and Jewellers Association data.

The fall in prices coming ahead of Akshaya Tritiya (May 10), when gold is bought, can revive demand that had taken a hit by the spike in gold prices.

Extending losses

Source: India Bullion & Jewellers Association

On the MCX, the near month gold contract continued its downward trend and declined by ₹850 per 10 gram to ₹70,350 as the yellow metal in the US market slipped below $2,300 an ounce over the last two days.

Jateen Trivedi, Research Analyst, LKP Securities, said the fall in gold prices was thanks to the tensions easing in West Asia over the weekend, with both Iran and Israel refraining from further drone attacks. Suvankar Sen, MD & CEO of Senco Gold & Diamonds, said the sudden decline in gold prices has stirred anticipation leading up to Akshaya Tritiya and is prompting hesitant consumers to finally make their move.

CLOUDS REMAIN

However, he said the global uncertainties continue to linger with tensions simmering between Israel and Hamas, the Russia-Ukraine war, and the uneasiness in South-East Asia and China, and any bad news will send gold prices rising again.

Chintan Mehta, CEO, Abans Holdings, said signs of persistent inflationary pressure and hawkish signals from the US Fed, coupled with robust retail sales data reported last week and strong manufacturing activity, have diminished expectations of imminent rate cuts.

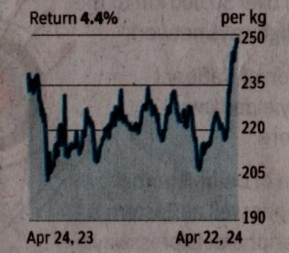
This has kept the dollar index and US treasury yields at near 5-month high. However, the risk of geopolitical tensions can push up prices.

Silver prices also plunged by ₹1,547 per kg to ₹80,007 on back of weak demand. Amid huge volatility, the white metal had rallied by ₹9,048 in last one month, but had crashed by ₹3,320 in last two days.

BUSINESS LINE DATE:24/4/2024 P.NO10

Zinc: Go long when the futures dip to ₹235

Akhil Nallamuthu
bl. research bureau



Zinc futures on the Multi Commodity Exchange (MCX) has been facing resistance at ₹250 over the past few sessions. As the contract continues to hover around this price band, the chance of a corrective decline is increasing.

COMMODITY CALL.

From the current level, the April zinc contract is likely to see a dip to ₹235 – its 20-day moving average. Post this move, we can expect the contract to resume the uptrend, which can lift the contract to ₹265. On the other hand, if zinc futures slip below ₹235, it can extend the downswing to ₹228. A decline below ₹228 can turn the short-term outlook bearish.

Stay on the fence for now and go long when zinc futures dip to ₹235. Place initial stop-loss at ₹226.

When the contract rallies past ₹250, raise the stop-loss to ₹238. Further tighten the stop-loss to ₹248 when the price touches ₹255. Book profits at ₹265.

BUSINESS LINE DATE:24/4/2024 P.NO3

‘Domestic steel demand likely to grow 8-10% in FY25’

THE DRIVER. Global prices, determined by China’s output, to impact demand in long run

Abhishek Law
New Delhi

Global steel prices, including in India, will continue to be determined by China’s production (including cuts) and exports while steel demand in India is expected to grow by at least 8-10 per cent for FY25, a few notches higher than the GDP, TV Narendran, Managing Director, Tata Steel told *businessline*.

According to him, India turning net importer of steel, looks to be a temporary phenomenon, and “it would be a pity” if this continues in the long-run. However, Indian consumption story continues to be strong. Consumption is primarily infrastructure-led.

“I would expect an 8–10 per cent growth (for FY25) in steel demand,” he said on the sidelines of All Indian Management Association’s (AIMA) National Leadership Conclave.

Narendran pointed out that steel coming into the country (as imports) is “commodity grade”; and not speciality or high quality.

> In the long run, it would be a pity if India were to remain a net importer of steel given all the iron ore we have and the production capacities that are coming up
>
> **TV NARENDRAN**
> MD, Tata Steel

STEEL IMPORTS

“Some 95 per cent of the steel coming in, can be made in India,” he said, adding as long as it is unfair imports, the government needs to deal with it.

India was a net importer – by less than 1 mt – for FY24. Imports was at 8.3 mt, against exports that stood at 7.5 mt.

“For one – or – two months, here and there, it is ok (to be net importer). But I think in the long run, it would be a pity if India were to remain a net importer of steel given all the iron ore we have and the production capacities that are coming up,” he said.

India’s steel consumption in FY24 to 136 mt up 14 per cent y-o-y, against a global demand growth of less than 2 per cent. Production of finished steel was up 12.4 per cent to 138.5 mt.

THE CHINA FACTOR

Speaking on price movements, Narendran said: “A lot (price of steel) depends on what’s happening in China. China has been exporting a lot of steel and that is going to be an issue. We (steel industry) are watching, whether it would get any better or not..... And Indian prices will reflect Chinese prices; but let us wait and watch.”

The production cuts, that are expected in China during the year, could help stabilise prices globally as well as in India.

China, the world’s biggest producer and exporter of steel, is witnessing a protracted real estate crisis that is yet to bottom out; and infrastructure demand growth is slowing with 12 debtor regions being ordered to halt projects. This is expected to see a 2 per cent-odd demand decline there.

The country exported 10 million tonnes (mt) of steel in March 2024, up by 2.8 mt m-o-m. Total steel exports in January - March were 25.8 mt, up 30.7 per cent y-o-y.

THE HITAVADA (CITYLINE) DATE:25/4/2024 P.NO6

'Sampling and grading of coal at 427 mines completed'

■ **Business Reporter**

THE Coal Ministry on Wednesday said it has completed the annual exercise of sampling and grading of coal at 427 mines and the new fuel grade will be applicable from April 1 this year.

Of the total 427 mines, 331 are central public sector units, 69 under state governments and 27 private sector mines, the Coal Ministry said in a statement.

"To ensure the correctness of the grade, the samples drawn were analyzed in two different labs," it added. The Ministry further said, the process of "declaration of annual grading of seams of mines as per laid down procedure has been completed" and the declared grade will be applicable with effect from April 1, 2024.

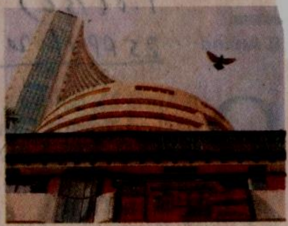
The Coal Controller's Organisation (CCO), having its field offices at Dhanbad, Ranchi, Bilaspur, Nagpur, Sambalpur, and Kothagudem, carried out the exercise of drawing the coal samples and its analysis from coal and lignite mines for the ongoing financial year.

CCO, a subordinate office of the Coal Ministry, lays down the procedure and standard for sampling of dry fuel and inspects collieries to ensure the correctness of the class and grade of coal.

BUSINESS LINE DATE:25/4/2024 P.NO8

Metals and financial stocks lift markets higher

Reuters
Bengaluru



Indian shares ended higher on Wednesday, aided by gains in heavyweight financials and metal stocks, with investor focus shifting to key earnings from Nifty 50 companies this week. The benchmark NSE Nifty 50 and the S&P BSE Sensex indexes each settled about 0.2 per cent higher at 22,402.4 and 73,852.94, respectively.

The blue-chips have been gaining for four straight sessions after a global rebound on easing concerns over the West Asian conflict, with investors now eyeing key earnings from Nifty 50 constituents such as Hindustan Unilever and LTIMindtree.

SECTORAL SHOW

Ten out of the 13 major sectoral indexes ended higher on the day.

Metals led sectoral gains, rising 2.7 per cent to a record high, tracking an upswing in global demand.

Financials gained 0.5 per cent, with top private lender HDFC Bank rising 0.3 per cent. Axis Bank also rose 0.7 per cent ahead of its results on Wednesday.

Company results will likely be the main trigger for the next two-three sessions, while metals are expected to do well on strong demand from China, said Samrat Dasgupta, CEO at Esquire Capital Investment Advisors.

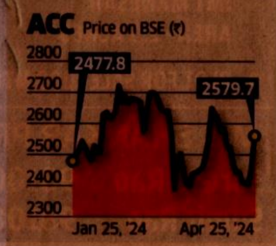
Nifty 50 constituents Hindalco, JSW Steel and Tata Steel rose between 2.9 per cent and 4 per cent and were the top percentage gainers.

ECONOMICS TIMES DATE:26/4/2024 P.NO7

ACC Profit Surges 4x on Higher Sales Volume, Falling Costs

Our Bureau

Mumbai: Adani Cement-owned ACC's profit surged nearly four times on year on lower costs and higher sales volumes, with bottom line for the full year climbing to a record at India's oldest manufacturer of the primary building material.



Consolidated net profit for the March quarter was ₹945 crore, up from ₹236 crore a year ago, while revenue from operations rose 13% on year to ₹5,409 crore.

ACC sold 10.4 million tonnes of cement and clinker during the quarter, up nearly a fourth compared to the previous year. Even though the growth in sales volume was robust, the revenue growth was relatively lower as cement prices have been weak across locations for a few months now.

The company, though, managed to offset this weakness in pricing with its cost efficiencies, as its kiln fuel costs retreated by a fifth on year. This helped the company boost its operating margins by 570 basis points on year to 15.5%, while the operating profit on each tonne of cement sold rose by 45% to ₹802.

One basis point is a hundredth of a percentage point.

"With passing time, ACC is getting younger and stronger with the expansion and performance efficiency plans," said Ajay Kapur, chief executive officer of Adani Cement.

The Adani Group's listed cement entities include both ACC and Ambuja Cement, both acquired from the Holcim-Lafarge Group in the country's biggest infrastructure M&A.

Vedanta net dips 27% on lower realisation

Our Bureau
Mumbai

Anil Agarwal-led Vedanta has reported that its net profit in the March quarter was down 27 per cent at ₹2,275 crore against ₹3,132 crore, due to lower realisation.

The mining to metal company's income was down 7 per cent at ₹36,093 crore (₹38,635 crore). EBITDA during the quarter under review was down 4 per cent at ₹8,969 crore (₹9,362 crore).

Finance cost was up 34 per cent at ₹2,415 crore (₹1,805 crore). The company registered an exceptional loss of ₹201 crore, due to impairment charge of ₹994 crore, majorly incurred at Tuticorin plant. However, it was partially offset by capital creditors writing back ₹793 crore in the power business.

CASH POSITION

Gross debt of the company reduced by ₹3,468 crore q-o-q to ₹71,759 crore as March-end. It has cash and cash equivalent of ₹15,421 crore, an increase of ₹2,687 crore q-o-q

The company has given a guidance to produce 3 million tonnes(mt) of alumina and 2.4 mt of aluminium at the cost of production of $1,725 a tonne in FY25. Zinc production was pegged at 1.12 lt, finished metal of 1.10 lt and silver output of 775 tonnes at the cost of $1,100 a tonne.

For the financial year ended March, the net profit of the company was down 48 per cent to ₹7,539 crore (₹14,503 crore) as the income dipped to ₹1.46-lakh crore (₹1.50-lakh crore).

Arun Misra, Executive Director, Vedanta said the company has achieved record production across key businesses with the focus on cost optimisation which ensured strong margins even during a challenging commodity market.

Ajay Goel, Chief Financial Officer, Vedanta said, driven by operational excellence, the holding company has deleveraged by $1.6 billion in FY24.

BUSINESS LINE DATE:26/4/2024 P.NO9

Tata Steel UK to invest £1.25 billion at Port Talbot, shut operations partly

IMPACT. The investment will preserve 5,000 jobs and secure future supplies to customers

Our Bureau
Mumbai

Tata Steel will invest £1.25 billion to build a modern electric arc furnace in Port Talbot and commence closure of the existing heavy-end assets in the following months.

A Voluntary Redundancy Aspiration process will be launched across Tata Steel UK from May 15.

The move follows seven months of formal and informal national level discussions with the UK trade unions, said Tata Steel, in a statement, on Thursday.

Tata Steel has agreed to detailed terms with the UK Government on the proposed grant package to support the £1.25 billion investment, with final documents to be executed in the coming weeks.

IN THE WORKS. Discussions will continue with the trade unions on a potential memorandum of understanding on the business and the impact of the restructuring on employees REUTERS

Tata Steel has informed the trade unions that two blast furnaces will close by June and September end. The investment in UK will preserve 5,000 jobs and secure future supplies to customers.

The multi-union proposal to maintain one blast furnace through the transition would have incurred at least £1.6 billion of additional costs. It would have also created significant operational and safety risk and put the future business continuity in jeopardy, it said. The company said discussions will continue with the trade unions during the next two weeks on a potential memorandum of understanding on the business and the impact of the restructuring on employees.

Tata Steel will place equipment orders for the electric arc furnace by September, begin preparatory works at the site by December and begin construction by next August.

The company has secured most of the required substrate for the full transition period for the UK's downstream mills.

Tata Steel UK has already had to supplement its own production with imported material of 333,000 tonnes during the last six months, to serve its customers. In the FY24, Tata Steel UK has recorded a negative EBITDA of £373 million and negative free cashflow of £623 million.

TV Narendran, Managing Director, Tata Steel, said the fresh investment is the most viable proposal, in contrast to the unions' unaffordable plan which has high inherent operational and safety risk.

The company also reached alignment with the UK Steel Committee that production on the Coke Ovens and one Blast Furnace needed to cease by mid-2024.

Rajesh Nair, CEO, Tata Steel UK, said while the company has agreed to keep the hot strip mill running through the transition, the unions' plan presents significant financial, operational and safety challenges and delays the transition to green steel by two years.

BUSINESS LINE
DATE:26/4/2024 P.NO7

Gold slips Rs 110; silver jumps Rs 350

NEW DELHI, Apr 25 (PTI)

GOLD price on Thursday slipped Rs 110 to Rs 72,500 per 10 grams in the national capital amid a decline in the precious metal rates globally, according to HDFC Securities. In the previous session, the yellow metal had ended at Rs 72,610 per 10 grams. However, silver prices bounced Rs 350 to Rs 84,100 per kg. It had closed at Rs 83,750 per kg in the previous close. "Spot gold prices (24 carats) in the Delhi markets are trading at Rs 72,500 per 10 grams, down by Rs 110 against the previous close," Saumil Gandhi, Senior Analyst of Commodities at HDFC Securities, said.

In the international markets, spot gold at Comex was trading at USD 2,319 per ounce, down USD 3 from the previous close. Gold saw a slight decline on Thursday as the overall appeal of the precious metal remained low due to a reduced safe-haven premium caused by easing tensions in the Middle East, Gandhi said.

BUSINESS LINE DATE:27/4/2024 P.NO3

India, others criticise EU, UK for extending protection for steel

AGAINST WTO RULES. Want steel import safeguards to end by June as scheduled

Amiti Sen
New Delhi

India and some others, including Japan, Brazil and Russia, have criticised the EU and the UK for considering an extension of the existing safeguard measures on some steel product imports beyond the current termination date of June 30 2024.

"At a recent meeting of the WTO safeguards committee, most of the members opposing the extension pointed out that the safeguard measures, which are tariff increases which kick in when steel imports exceeded a fixed quota, were already judged as being inconsistent with WTO rules by a dispute settlement panel and should therefore be terminated", according to a Geneva-based trade official.

The safeguard measures were imposed by the EU in 2019 after the US imposed additional duties on steel imports during the Trump administration. It is in the form of Tariff-Rate-Quotas (TRQs) reflecting traditional trade flows, above which a 25 per cent duty is levied on imports.

In its defence, the EU representative said that the investigation for extending the safeguard measures was initiated at the request of EU member States which said they had *prima facie* evidence that the measure continues to be necessary, the source added.

EU'S DEFENCE. The EU representative said the investigation for extending the safeguard measures was initiated at the request of member-states which said they had *prima facie* evidence that the measure continues to be necessary

GLOBAL CRITICISM

China and Korea, which were among the countries opposing the move, noted that circumstances had changed since the measure was introduced in 2019 as the EU demand for imported steel had increased and the EU had struck a bilateral deal with the US exempting the bloc from US Section 232 tariffs on steel.

Brazil, another country demanding a termination, said unilateral protectionist measures were not a sustainable solution for the global problem of excess steel capacity. Only a solution based on multilateral or plurilateral cooperation would work.

Most of the countries criticising the EU also disapproved of the UK's safeguard measures on steel, the official said. "The countries, including India, noted that the UK had been imposing safeguard measures since it was a member of the EU and continued to do so even after Brexit, despite having failed to carry out an investigation justifying the measures in line with WTO rules," the official said.

The UK Trade Remedies Authority already recommended the extension of the UK's safeguard measure on the identified steel products till June 30 2026, which the UK government has to now decide whether to accept or not.

Several members noted that the UK had been imposing safeguard measures against imports of steel products since it was a member of the EU and continued to do so even after Brexit, despite having failed to carry out an investigation justifying the measures in line with WTO rules.

Turkiye pointed out that the UK was one of several US trading partners that were exempted from the Section 232 steel tariffs, and there was no reason left for the country to impose the measures, the source said.

Korea criticised the UK TRA review report for failing to establish a clear causal link between the reported surge in imports and the injury suffered by domestic producers. Switzerland, too, voiced its concern over the fact that safeguard measures on several categories of steel products could be extended despite no increase in imports relative to domestic production.

BUSINESS LINE DATE:27/4/2024 P.NO9

Coal production almost doubles, but evacuation remains a challenge

FOCUS AREAS. Private participation, expanding coal gasification, CBM production and better logistics need attention

Rishi Ranjan Kala
New Delhi

During the two terms of Modi-led NDA government one sector that has been on fire literally is coal.

The government's performance in the coal and lignite sector during the last 10 years has been mixed with production surpassing a billion tonnes (bt) being the key achievement. The government also made notable progress in increasing output from captive and commercial mines as well as steps to increase mechanisation in production and despatch, which is critical for optimising costs and travel time.

However, the government's efforts are yet to bear fruits in terms of evacuation of the critical commodity, which accounts for over 70 per cent of India's power generation.

The Coal Ministry doubled down on increasing logistics infrastructure in the last few years with the creation of the PM Gatishakti National Master Plan (NMP), the result of these efforts are becoming visible, but overall impact is yet to be seen.

Another area that requires more work is on increasing private sector participation, expanding coal gasification and production of Coal Bed Methane (CBM).

INCREASING NEED. Enhancing coal output is critical as power demand is growing at 6-7 per cent annually, driven by higher industrial and household consumption

HIGHER PRODUCTION

Deloitte India Partner Consulting Rakesh Surana said annual coal production almost doubled from 565.77 million tonnes (mt) in FY14 to 997.4 mt in FY24, aiding in checking imports.

"The CAGR of coal production from 2008-09 to 2013-14 was 2.8 per cent. Had this trend continued then coal production in 2022-23 would have been only 725.39 mt," he added.

Similarly, S&P Global Commodity Insights' Head of Global Coal Pricing Deepak Kannan said: "In the last 10 years, domestic coal production has increased over 55 per cent and much of it has come over the last 5 years."

However, S&P Global Commodity Insights Senior Analyst (Global Power and Renewables) Khoo Pat See points out that production was always short of target in 2014-19 and 2020-24. It nearly hit a billion tonnes in FY24; the target originally set for FY20.

Enhancing coal production is critical as India's power demand is growing at 6-7 per cent annually driven by higher industrial and household consumption. Besides, the Ministry also aspires to reduce imports by the power sector to 2 per cent in FY25 and eventually zero a year later.

India aims to achieve a production of 1.5 bt by FY30 as the country's power demand is likely to double by the end of the current decade from around 1,600-1,700 billion units currently. Surana said the government focused on reducing coal imports with an import substitution mission through steps such as single window clearance, asset monetisation, introduction of mine developer and operator (MDO) model, commercial mine auctions and 100 per cent FDI.

However, Kannan opined that curbing imports substantially is not an easy task currently, as while domestic production is increasing Y-o-Y, simultaneously population growth, rise in income levels and standard of living are leading to higher power demand. Also, coal exporting regions are in close proximity making imports economically viable.

"According to our market sources, India's coal imports may either stay flat or decline marginally over the next 3-5 years. Renewables are making big inroads into India's power sector, but coal is still dominant in energy mix and may remain so in the near to medium term," he explained.

Pat See said domestic coal is not sufficient and inland logistics cost is uncompetitive against imported coal for coastal power plants and non-power sectors in both phases.

"The target to stop thermal coal imports by 2024-25 was postponed to 2025-26. Even this new target is ambitious given the current coal supply situation and uncertainty surrounding extreme weather conditions (summer heatwave and monsoon rains) in India which poses potential power crunch during peak demand period," he added.

The push for commercial mining has helped grow domestic supply from 2022-24. Captive & Others coal output used to account for around 8.6 per cent of total coal output in FY20 and by FY24 its share has grown to almost 15 per cent, Pat See said.

LOGISTICS

An area where improvement needs to be done is logistics, particularly from mines to power plants located in the coastal belt which has been a challenge due to insufficient railway rakes availability, said Kannan.

In FY23, around 55 per cent of coal was evacuated via rail network, which is expected to increase to 75 per cent by FY30. Out of the 55 per cent rail transportation in FY23, about 4.6 per cent was evacuated through coastal shipping (rail-sea-rail route).

Surana pointed out that efforts are being made to ease transportation and logistics, including developing mechanised conveyor systems and computerised loading into railway rakes to reduce road transportation.

"Coal Logistics Plan and Policy, 2024, aims to modernise coal transportation in India. It aims for a 4 per cent reduction in rail logistic costs and an annual cost saving of ₹21,000 crore," he added.

DIVERSIFICATION

The Government has taken steps to diversify the sector, including allowing coal companies to extract natural gas and CBM from its coal seams, without requiring separate licences. It is also actively advocating for Underground Coal Gasification (UCG) and surface coal gasification to produce gas and other products from coal, Surana said.

"Other advanced geographies have adopted technologies for coal gasification, coal-to-liquid, CCUS, etc. The Government is also working to implement these technologies and further push is needed to develop indigenous technology capabilities," he suggested.

Hits & Misses

- Coal & lignite production and despatch surpass 1 billion tonnes
- Production from captive/commercial mines at record 147.2 million tonnes in FY24
- Integrated coal logistics policy to prepare for rising demand by FY30

- Delaying the target to stop coal imports by power sector by a year to FY26
- Evacuation of coal from eastern India for both power and non-power sectors still an issue
- Private sector support lacking for technologies such as coal gasification

This is the 16th article in the '10 years of NDA' series

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