KHANIJ SAMACHAR

Vol. 8, No-10

(As appeared in National/Local Newspapers Received in Central Library, IBM, Nagpur)

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In continuation of this it is requested that the mineral related news appeared in the Local News Papers of different areas can be sent to Central Library via email library@ibm.gov.in (scanned copy) so that it can be incorporated in the future issues to give the maximum coverage of mining and mineral related information on Pan India basis.

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 8, NO – 10 , 16th –31th MAY 2024

ECONOMICS TIMES DATE:16/5/2024 P.NO4

Coal India, NMDC, OVL Look to Secure Critical Mineral Assets Abroad

CIL scouting for lithium in Chile, NMDC active in Oz

Our Bureau

New Delhi: Public sector undertakings (PSUs) are readying a coordinated strategy to secure overseas critical mineral assets. Coal India Ltd. (CIL), National Mineral Development Corporation (NMDC), ONGC Videsh Limited (OVL), besides Khanij Bidesh India Ltd. (KABIL) will be scouting for critical minerals, a top government official said Wednesday.

Talking to reporters on the sidelines of a workshop, union mines secretary V L Kantha Rao said PSUs with overseas offices will be given preference for securing critical minerals in countries where they already have presence. CIL is already pursuing lithium blocks in Chile while NMDC is active in Australia.

KABIL, a joint venture of National Aluminium Company Ltd (Nalco), Hindustan Copper Ltd (HCL) and Mineral Exploration and Consultancy Ltd (MECL) has also been formed specifically for securing overseas critical minerals. In January this year, it gained exclusive exploration rights for five lithium blocks in Argentina. Lithium is a key component in the production of batteries essential for various industries, including electric vehicles.

In Australia, India is carrying out feasibility studies at five projects of Lithium and Cobalt.

ET reported in April this year that India has reached out to key critical mineral producers to bring in processing technology into the country. The move came close on the back of the government rolling out auctions of critical mineral mines.

In June 2023, India for the first time defined its own list of 30 critical minerals. It was also stated that international commitments towards reducing carbon emissions require the country to urgently relook at its mineral requirements for energy transition and net-zero commitments.

ECONOMICS TIMES DATE:16/5/2024 P.NO7

Jindal Stainless Eyes 20% Volume Growth in FY25

Co's consolidated profit fell 30% in March quarter while volumes rose 23%

Nikita.Periwal@timesgroup.com

Mumbai: Jindal Stainless is eyeing a 20% growth in its sales volume to 2.5 million tonne in the current financial year and will be spending more than ₹5,000 crore on capital expenditure this year, the company's senior management said.

The country's largest producer of stainless steel sold 2.17 million tonne of stainless steel in 2023-24 (Apr-Mar), a growth of 23%, surpassing the company's guidance of 20% for the year.

Earlier this month, the company had announced capacity expansion at its downstream unit, the buyout of majority stake in a steel company, and a joint venture for a steel melting shop in Indonesia, for which it will be spending ₹5,400 crore over a period of three years.

In FY25, the company plans to spend ₹4,700 crore on capex, of which ₹800 crore is a spillover from the previous year. The company will also spend an additional ₹500 crore on sustenance and maintenance capex, group chief financial officer Anurag Mantri said on a call post the company's earnings.

Most of the capex this year will be spent on funding the buyout, and the company will meet most of its requirements through internal accruals, he said. Jindal Stainless spent ₹3,000 crore on capex in FY24.

The company has also guided for its operating profit in the range of ₹18,000 – 20,000 per tonne this year, as against ₹18,558 rupees last year. Exports are seen in the range of 10-15% for the year, as against 13% earlier.

"We are seeing a recovery in certain segments of Europe, while recovery in the US is taking longer," managing director Abhyuday Jindal said. While these two regions are the largest export markets for the company, they are also exporting to South America, Mexico and the Middle East, he said.

Jindal Stainless reported its earnings for the March quarter on Wednesday, and its consolidated net profit slumped 30% on year to ₹501 crore. Consolidated net revenue fell 3% on year to ₹9,454 crore, while the operating profit fell 10% on year to ₹1,035 crore.

An inventory loss for nickel, which is a key raw material, and the company being unable to pass on higher freight costs to customers impacted earnings for the quarter, the management said.

BUSINESS LINE DATE:16/5/2024 P.NO1

Critical minerals play: PSUs to explore acquisitions globally

Abhishek Law
New Delhi

In a strategic move, India is pushing public sector undertakings (PSUs) under pivotal Ministries such as Mines, Steel, Petroleum, and Coal to spearhead acquisitions abroad of critical mineral reserves, especially rare resources like lithium.

INDUSTRY EXPANSION

The idea is to expand industries such as electric vehicles and renewables, where China commands a lead.

Apart from Khanij Bidesh India Ltd (KABIL), under the Mines Ministry, PSUs including Coal India Ltd (under Ministry of Coal), NMDC (Steel Ministry) and ONGC Videsh Ltd (Petroleum Ministry) are "either in active talks" or "have expressed interest".

VENTURING ABROAD

- KABIL – a JV of 3 PSUs Hindustan Copper, MECL and Nalco – made the first overseas acquisition, in Argentina, of five lithium brine blocks. It is also in talks for acquiring lithium assets in Australia
- NMDC is likely to start pre-feasibility studies for lithium exploration in Australia
- Coal India has expressed interest in exploring lithium assets in Chile
- ONGC Videsh is eyeing critical mineral assets overseas

KABIL — a joint venture of three PSUs Hindustan Copper, MECL and Nalco — has already made an overseas acquisition, in Argentina of five lithium brine blocks (Cortadera-I/VI/VII/VIII, and Cateo-2022-01810132). It is also in advanced talks for acquiring lithium assets in Australia, most likely "within this fiscal". KABIL is also looking at acquiring copper assets in Chile.

NMDC is likely to start pre-feasibility studies for lithium in Australia, where it already has operational gold mines.

Coal India is looking to explore lithium assets in Chile; a delegation of government officials and industry participants like Hindalco and Adani visited the South American country some months back.

ONGC Videsh is also eyeing critical mineral assets overseas. "They will start scouting overseas soon," a government official in the know said.

"A Group of Secretaries, across a few key ministries, is looking at how to get more PSUs to acquire critical mineral assets abroad. So, if there is a company, which has an overseas subsidiary and operations abroad, then it makes more sense for that PSU to make an acquisition or take up exploration for a critical mineral in that geography," VL Kantha Rao, Secretary, Ministry of Mines, told *businessline*, on the sidelines of a workshop on 'Offshore mining'.

Rao said the Ministry will help facilitate overseas acquisitions at a government-to-government (G2G) level, and this will include circulating details of some block proposals received.

African nations including Congo and Zambia are also on the radar for lithium, copper and cobalt assets.

India plans to take a delegation to Zambia in June, with executives including from the Tata Group and Vedanta. The two governments will discuss the joint exploration of critical minerals such as lithium, Rao added. A separate delegation will head to Congo.

MINERAL PARTNERSHIP

The Mines Ministry had previously proposed circulating critical mineral block proposals received by partner countries in the US-led Minerals Security Partnership (MSP) with PSUs to allow them to acquire critical mineral assets abroad. As of September 2023, the MSP included Australia, Canada, Estonia, Finland, France, Germany, India, Japan, South Korea, Sweden, Norway, the UK, the US and the European Union.

BUSINESS LINE DATE:16/5/2024 P.NO2

Jindal Stainless eyes 20% volume growth in FY25

Abhishek Law
New Delhi

Jindal Stainless is eyeing a 20 per cent volume growth in the current fiscal, driven by domestic demand across sectors like auto, railways and others. The EBITDA (earnings before interest, tax, depreciation and amortisation) guidance is around ₹18,000-20,000 per tonne, similar to last fiscal.

Key export markets — Europe continues to see depressed demand, while the US is still grappling inflation — are yet to recover on expected lines. According to Abhyuday Jindal, Managing Director, Jindal Stainless, there is a product/offering-specific demand in European markets. Overall demand is yet to recover. Volume contribution from exports is pegged between 10 and 15 per cent for the current fiscal, almost same as last fiscal's 13 per cent level, in view of the ongoing geo-political tensions and economic conditions.

The push would also be to explore alternative overseas markets such as Mexico, South America and West Asia, to make up for volume loss in European markets.

He said margins in Q4FY24 took a hit and were at ₹14,500 per tonne, substantially lower than the full year average of ₹18,500 per tonne. In view of the Red Sea crisis pushing up shipping costs, and increasing the number of transit days by almost two weeks, the hit on the bottomline was ₹50-60 crore for the fiscal.

Abhyuday Jindal, MD, Jindal Stainless

Q4, FY24 NUMBERS

Jindal Stainless saw its consolidated net profit dip 30 per cent y-o-y to ₹501 crore for the quarter ended March 31, 2024. Net profit in the year-ago period was ₹716 crore. Revenue from operations declined 3 per cent to ₹9,454 crore (₹9,765 crore).

For the fiscal, net profit was at ₹2,693 crore, up 29 per cent, whereas revenue from operations was at ₹38,562 crore, up 8 per cent. The board has recommended final dividend payment of ₹2 for FY24, taking the total dividend payment to ₹3 – 150 per cent per equity share of face value ₹2 each.

CAPEX PLANS

According to Jindal, the company has earmarked a capex of ₹4,700 crore for FY25, which includes ₹800 crore of spill-over capex (from last fiscal), apart from ₹500 crore being spent on scheduled maintenance. Funded mostly from internal accruals, the capex will be used for acquisition of Chromeni plant in Gujarat, an Indonesian JV and other brownfield expansion projects.

BUSINESS LINE DATE:17/5/2024 P.NO10

Gems, jewellery exports lose lustre on global turbulence

Our Bureau
Mumbai

Gem and jewellery exports were down 11 per cent last month to $2.07 billion (₹17,307 crore) against $2.34 billion (₹19,198.4 crore) in the same period last year, largely due to global economic uncertainties and geo-political concerns.

However, import of gem and jewellery was up four per cent at $1.89 billion ($1.82 billion), according to the Gem and Jewellery Export Promotion Council.

Amid weak demand, cut and polished diamond exports declined 17 per cent to $1.15 billion ($1.39 billion). However, import of cut and polished diamond increased 19 per cent to $88 million ($74 million) raising concern of the industry that ranks top most in the cut and polish of rough diamonds.

SENTIMENTS DULL

Rough diamond imports slipped 19 per cent to $1.19 billion ($1.47 billion) as diamond traders and jewellers reel under inventory pile-up despite a voluntary moratorium of three months on rough diamond imports adopted by the industry late last year.

The sentiment remains dull on the global front as the geo-political tension continue to prevail and impact the purchasing power of end-buyers of diamond jewellery, it said.

Colin Shah, MD, Kama Jewelry, said the industry has been sailing though rough waters for more than a year due to strong headwinds from multiple economic influences at a global level.

SLUGGISH TREND. Gem and jewellery exports were down 11% in April to $2.07 billion, per data available with GJEPC

Along with this, the election season in over 60 countries this year is a major factor adding to the impact. With the hope of truce between countries at war, the industry looks forward for the exports to pick up in the upcoming festive season, he said.

RETAIN MARKET SHARE

Polished lab grown diamonds export was down 18 per cent at $84 million ($102 million) due to intense competition from competing countries such as the US, China and Singapore which are ramping up investment in the lab grown diamond industry.

However, armed with cheap labour cost India is attempting to retain its market share through enhance production capabilities and latest technology. The industry expects the well-established trade relations and supportive government policies will play a role in boosting exports in the long run.

Gold jewellery export was up 11 per cent at $718 million ($647 million) due to robust demand driven by a separate buyer segment which invests in wearable jewellery as an asset class and cushion against inflation and economic uncertainty.

Coloured gemstones shipments declined 35 per cent to $25 million ($38 million).

BUSINESS LINE DATE:17/5/2024 P.NO3

Hindustan Zinc reaches out to govt with a new demerger plan

EXPLORING OPTIONS. Minority shareholder Mines Ministry 'prioritises' strategic stake offload over a demerger

Abhishek Law
New Delhi

Vedanta-owned Hindustan Zinc has reached out to its largest minority shareholder, Mines Ministry, with a revised demerger proposal that it expects will "unlock shareholder value". The Ministry though is prioritising "strategic stake offload" in the company, over going ahead with the proposed demerger.

The Mines Ministry holds 29.54 per cent in the integrated zinc and silver-maker with at least three government representatives on Board, while Vedanta owns the majority 64.92 per cent.

Vedanta promoter Anil Agarwal's daughter, Priya Agarwal Hebbar, heads Hindustan Zinc.

"There have been a series of letters. And Hindustan Zinc is trying to reach out to the Ministry with a revised demerger plan. The details are yet to be discussed. So far, we are yet to give time for the meeting," an official in the know told *businessline*.

For any demerger proposal of the zinc-maker to go through, there needs to be a green-light from majority of the minority shareholders (in this case the Ministry).

Incidentally, a re-worked proposal features creating two companies – zinc & lead, and the second one for silver.

Hindustan Zinc did not respond to queries from *businessline* . The initial demerger proposal - wherein Hindustan Zinc was to create three separate legal entities – one for zinc and lead, one for silver, and ultimately a third for the recycling business – and list them, was shot-down.

RE-WORKED PROPOSALS. HZL's re-worked plan features creating two firms; one for zinc & lead and the other for silver

While rejecting this demerger proposal, it was also pointed out that the company was running "profitably as a single unit". There was no guarantee that post demerger, different companies will continue to have a similar valuation or be equally profitable. "Right now, the Ministry isn't too keen to explore any demerger. Rather the focus is on disinvesting its stake," a Ministry official said.

A second Mines Ministry official said that roadshows have been carried out last month (April) and the government was "keen to offload its stake" at the "right time". Markets continue to be volatile, because of which the offer for sale (OFS) has reportedly been held back.

MARKET STUDIES

"We are studying the market. But right now, conditions remain volatile. So, an OFS should come at the right time which allows us maximum value. But we are carrying out roadshows to gauge investor interest and the market mood," the official said.

A call is yet to be taken whether the entire stake is offloaded at "one go" or be done via smaller tranches.

BUSINESS LINE DATE:18/5/2024 P.NO2

JSW Steel Q4 net down 65% to ₹1,322 cr on lower realisation, higher cost

FINANCIAL SNAPSHOT. Income slips 2% to ₹46,511 cr; steel major announces ₹7.30 per share as dividend

Our Bureau
Mumbai

Sajjan Jindal-led JSW Steel said net profit in the March quarter dropped 65 per cent to ₹1,322 crore against ₹3,741 crore logged in the same period last year, due to lower realisation and higher cost.

Income dipped two per cent to ₹46,511 crore (₹47,427 crore).

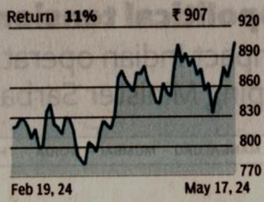
The board has approved a dividend of ₹7.30 per equity share.

The company plans to raise ₹14,000 crore through issuance of equity and debentures to qualified institutional buyers. Sales during the quarter under review was up 3 per cent at 6.73 mt (6.53 mt).

EBITDA was down 23 per cent at ₹6,124 crore (₹7,939 crore) as realisations were lower by six per cent due to weak steel prices. The company's net debt was down at ₹73,916 crore against ₹79,221 crore in the December quarter.

It plans to invest ₹20,000 crore in ongoing projects this fiscal. It also plans to increase the capacity of its Dolvi plant by another 5 mtpa to 15 mtpa by 2027. The company expects India to become a net steel importer this fiscal, with large-scale imports from China posing a significant challenge for the domestic steel industry.

RAMPING UP. The company has acquired a coking coal mine in Mozambique with reserves in excess of 800 million tonnes



JSW Steel's subsidiary, Bhushan Power & Steel, reported a 31 per cent quarter-on-quarter drop in EBITDA at ₹536 crore due to lower realisation and high coking coal costs. It registered a net profit of ₹6 crore.

JSW Steel has guided steel production of 28.40 mt and sales of 27 mt for FY25.

BUYS MINE IN MOZAMBIQUE

The company has acquired Minas de Revuboe, which owns pre-developed hard coking coal mines in Mozambique, for $74 million (about ₹606 crore). The mine has reserves of 800 million tonnes.

The deal, which was executed through a wholly-owned subsidiary, JSW Natural Resources, is expected to be closed by January 2025.

GOA GREEN CESS

Incidentally, the company has moved the Supreme Court against the Goa Green Cess of 0.5 per cent on the sale value of various kinds of coal and coke imported at Mormugao Port.

The Supreme Court, through an interim order, directed the company to deposit 50 per cent of the cess demanded by the Goa government before taking up the matter for hearing. JSW Steel has deposited the amount with the Goa government and is waiting for a hearing by the Apex Court.

Shares of the company were up two per cent at ₹907 on Friday.

EMPLOYMENT NEWS
DATE:18/5/2024 P.NO12

भारत सरकार
Government of India
खान मंत्रालय
Ministry of Mines

भारतीय खान ब्यूरो
Indian Bureau of Mines

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(Parag M. Tadlimbekar)
Suptdg. Mining Geologist & Head of Office

EN 7/18

Six smuggling illegally mined sand held, vehicles worth over Rs 93 lakh seized

The Nagpur (Rural) Police team along with the seized tippers.

■ **Staff Reporter**

NAGPUR (Rural) Police arrested six persons involved in smuggling illegally mined sand and seized two tippers, two trucks and an excavator collectively worth Rs 93.24 lakh from their possession. These vehicles were laden with illegally mined 19.80 brass sand worth Rs 90,800.

The accused have been identified as Sonu Khemlal Kulpe (44), a resident of Plot No 57, Abhijit Nagar, Dattawadi, Deepak alias Amitkumar Kedarnath Yadav (41), Sachin Jugalkishor Sharma (45), both residents of Khangaon, district Buldhana, Ganesh Chudaman Varwade (41), a resident of Waregaon, taluka Kamptee, Nagendra Deoki Pahan (28), a resident of Kharbi and Sohail Khan Sardar Khan (41), a resident of Tajbag.

The Special Squad of Superintendent of Police (Rural) picked up Kulpe from the Mouda area and seized his sand-laden tipper (MH-49/AT-5776) worth Rs 25.25 lakh.

In the second case, Saoner Police arrested accused Deepak Yadav and Sachin Sharma for illegally transporting 1.80 brass sand in a Tata truck (MH-40/AK-8585). Cops seized the truck, an earth moving machine (MH-40/P-3285) and cellphones collectively worth Rs 22.44worth lakh from them. Driver Dharmaraj Rangari and truck owner Prajwal Gokhe were also detained for questioning. The accused had hired the excavator to mine the sand.

In the third case, Ramtek Police arrested Ganesh Varwade and seized his truck (MH-40/CS-7665) worth Rs 20 lakh and five brass sand worth Rs 15,000. Similarly, Kanhan Police arrested driver Nagendra Pahan and truck owner Sohail Khan and seized the sand-laden truck (MH-49/BJ-8822) worth Rs 25.40 lakh.

Separate cases under relevant sections of the Indian Penal Code, Maharashtra Land Revenue Code, Mines and Minerals (Development and Regulation) Act and Prevention of Damage to Public Property Act have been registered against the accused persons at Mouda, Saoner Ramtek and Kanhan Police Stations. The arrests and seizure of vehicles were made under the supervision of SP Nagpur (Rural) Harssh Poddar.

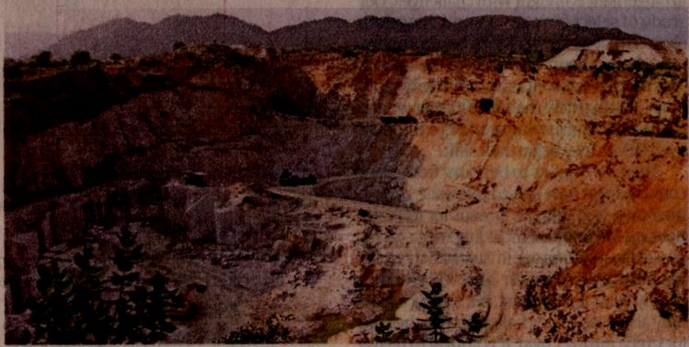
INDIAN EXPRESS DATE:20/4/2024 P.NO12

Illegal mining in Sariska

SC has been trying to stop illegal mining in and around Sariska tiger reserve since 1991. It has been thwarted for reasons that include uncertainty about the reserve's borders. A new order presents another opportunity

JAY MAZOOMDAAR
NEW DELHI, MAY 19

THE SUPREME Court has ordered the Rajasthan government to shutter 68 mines operating within a 1-kilometre periphery of the critical tiger habitat (CTH) of the Sariska reserve. The order, passed on May 15, is the latest of many attempts by the country's top court since the 1990s to halt the mining of marble, dolomite, and limestone in Sariska in violation of laws. Both the Wildlife Protection Act, 1972 and Environment Protection Act, 1986 prohibit quarrying in and around a tiger reserve.



A quarry in operation in the core area of the Sariska tiger reserve. *Jay Mazoomdaar*

In the 1990s

In May 2005, the SC ordered the CBI to investigate the disappearance of tigers from the reserve in the Aravalli roughly halfway between Delhi and Jaipur. That was almost a decade and a half after the court first took up the issue of illegal mining in Sariska.

In October 1991, in a PIL filed by a local NGO, the SC issued an interim order that "no mining operation of any nature shall be carried on in the protected area" of Sariska, and set up a fact-finding committee under the chairmanship of Justice M L Jain, a retired judge of the High Court.

Based on a "traced map provided by the Forest Department," the Jain Committee found in 1992 that the protected areas covered "about 800 sq km". In April 1993, the SC ordered the closure of 262 mines within that area.

In the 2000s

Ten years later, the Central Empowered Committee (CEC) of the SC submitted a damning report on mining around the Jamua Ramgarh Sanctuary which is part of the Sariska tiger reserve. The following year, the NGO Goa Foundation approached the SC with a complaint about a similar situation in Goa.

In September 2005, the SC laid down rules for issuing temporary mining permits in forest areas. In August 2006, it said, "as an interim measure, one-kilometre safety zone shall be maintained subject to the orders that may be made…regarding Jamua Ramgarh Sanctuary".

But the mines were back in business inside the 100-metre periphery of the sanctuary. The state stuck to the 100-metre regulation in its draft Eco-Sensitive Zone (ESZ) notification for Sariska in 2011.

Meanwhile, in January 2002, the Indian (now National) Board for Wildlife had proposed to notify areas within 10 km of national parks and sanctuaries as ESZs. But after several state governments expressed concerns, the Board had asked them, in May 2005, to identify suitable areas and submit proposals for site-specific ESZs.

After many states failed to respond, the SC intervened in December 2006. The court warned that if the states failed to respond within four weeks, it might have to consider the original plan of ESZs of 10-km width.

In the 2010s

In September 2012, the CEC submitted a report on ESZs that went beyond Sariska. In January 2013, it followed up with a supplementary note on the "inordinate delay" in notifying the safety zones.

The SC put its foot down in April 2014. Its judgment in the Goa Foundation case underlined that the August 2006 order "has not been varied subsequently nor any orders made regarding Jamua Ramgarh", and that "the order…saying that there will be no mining activity within one-kilometre safety zone…" [continued] ing that 21 of the country's 662 national parks and sanctuaries were yet to submit ESZ proposals even 12 years after the deadline had passed, the court ordered that 10-km belts around them be declared ESZs.

In the 2020s

After the 2003 CEC report, several miners joined the case concerning Sariska's Jamua Ramgarh sanctuary. The apex court finally ruled on the matter in June 2022. It ordered ESZs of a minimum width of 1 km for all national parks and sanctuaries, but limited it to 500 metres for Jamua Ramgarh sanctuary as a "special case" with some leniency.

After multiple objections to this one-size-fits-all approach, however, the SC modified the 2022 order in April 2023. The modified order left the specifics of ESZs to the Centre and the state, and focussed on mining — prohibiting it within 1 km of national parks and sanctuaries.

On May 15, the SC criticised the Rajasthan government for misinterpreting this order as being not applicable to tiger reserves. The court clarified that the 2023 direction applied to tiger reserves which "stand on a higher pedestal".

Background of problem

Local people in Sariska have repeatedly demanded the demarcation of forest boundaries on the ground. Villagers have alleged that for the areas lost to such concessions, revenue villages are alleged to have been arbitrarily included in the tiger reserve, impinging on the rights of residents.

A decade after Sariska became a tiger reserve in 1978, Rajasthan issued mining leases inside the reserve to many who had obtained no-objection certificates (NOCs) from the then field director of Sariska, even though he did not have any authority to issue such NOCs.

In 1993, Rajasthan's proposal to compensate for these illegal mines by adding 5 sq km of revenue land to the reserve was rejected by the SC. But the 'swap' happened anyway, according to two retired forest officials who have served in the Alwar district.

Uncertain boundaries

The area statement records submitted to the SC in 1993 did not tally with the accompanying map. The discrepancies were so glaring that the surveyor was constrained to add a face-saver on the map: "Prepared by me as per the direction of FD (Forest Department), PT (Project Tiger), Sariska."

In 1999, the Sariska management claimed to have lost several land records. The forest bosses in Jaipur then borrowed the said records from the Revenue Department, which in 2003 claimed these documents were never returned.

In August 2008, when Rajasthan approached the Survey of India to undertake the demarcation work in Sariska, the then state forest head wrote in a letter that "the exact boundary, including the location of pillars, is not known". Survey of India backed out of the job because Rajasthan failed to provide reliable maps and records.

In the absence of demarcated boundaries, Sariska's Tiger Conservation Plan could not be finalised until 2014-15 when the state finally prepared a map for "management purposes" with a disclaimer against its legal authenticity.

Another opportunity

A senior official in the Rajasthan Forest Department said the latest SC order was yet another opportunity to thwart illegal mining in the state. "Whatever mistakes were made in the past can be set right by demarcating the

BUSINESS LINE DATE:20/5/2024 P.NO4

Coal remains king of India's energy supply

Coal will be the dominant fuel for at least the next 15 years as there are challenges to boosting non-fossils-based power

Sachchida Nand

India reached a milestone with annual coal consumption of one billion tonnes. Coal and lignite based power generation plants with installed capacity of 218 GW account for more than 50 per cent of the total power generation capacity in the country. Non-fossil fuels including hydro, solar, wind, biomass and nuclear energy add up to 190 GW of capacity.

The data for actual power generation reflect the true picture of the contribution of various energy sources. The output of power from non-fossil fuels remains low due to load factor of 20-25 per cent of the installed capacity. Lack of adequate water level in various reservoirs has hampered hydro-power generation. The very nature of solar and wind energy is such that they are heavily dependent on the time of the day and season. Amongst the fossil fuels, load factor of gas based power plants also remains below 20 per cent due to high cost of gas. Compared to this, coal-based power plants have an average load factor of almost 70 per cent. Therefore, coal and lignite accounted for almost 73 per cent of total power generation in the FY23. According to Union Government data, there was almost 10 per cent growth in power generation from fossil fuels, which is mainly coal, and a mere 3 per cent growth in power from renewable energy in FY24 (April-February).

ROADMAP FORMULATED

The government has formulated a roadmap for additional 80 GW thermal power generation capacity by 2032. Power produced from natural gas and diesel being prohibitively expensive, the entire additional thermal capacity will be based on coal and lignite.

The demand for power is expected to grow by 6-7 per cent per annum in the near future. Though the country has done well in recent years by increasing capacity based on non-fossils, the target of achieving 500 GW renewable capacity by 2030 requires addition of 50 GW of new renewable capacity every year. There are a number of challenges in achieving these levels of capacity additions. Availability of land, finance, materials and pace of development of infrastructure are some of the challenges. Even, if we assume that the target of 500 GW of non-fossil based power generation capacity is achieved by 2030, the output from this capacity will not be proportionate due to low utilisation factor for reasons explained above.

CURTAIL. Pollution from thermal plants

Therefore, coal will continue to remain the dominant fuel at least for the next 15 years. The Central Government has rightly maintained focus on adequate supply of coal by way of indigenous production and imports and also on addition of coal-based power generation capacity. Coal will remain the King of Indian energy supply. But it is also essential that all thermal power plants, old and new, adopt the best available technology for pollution control. The emission of particulate matter and nitrogen and sulphur gases should meet the latest environmental standards. Appropriate utilisation and disposal of fly ash must also be ensured.

There is also need to promote projects in right earnest where carbon dioxide emitted by use of coal as fuel is captured and utilised for production of methanol and urea. These products when produced with green ammonia will require carbon dioxide from an outside source. India produced about 31 million tonnes urea in FY24 using gas based ammonia. Even if 50 per cent of urea is produced using green ammonia in next 15 years, it can utilise more than 10 million tonnes of carbon dioxide emitted by power plants.

The writer is former ADG of Fertiliser Association of India. Views are personal

BUSINESS LINE DATE:20/5/2024 P.NO2

Thermal coal imports inch up to a five-month high in April

Rishi Ranjan Kala
New Delhi

Thermal coal imports continued to rise for the fourth straight month in April 2024 with cargoes hitting a five-month high as thermal power plants (TPPs) stocked up on the critical commodity in anticipation of a rise in summer temperatures and projections of extended heat waves during the current month.

According to data from energy intelligence firm Kpler, India's imports of thermal coal, largely consumed by the power sector, rose almost 11 per cent m-o-m and 10 per cent y-o-y to 16.23 million tonnes (MT) last month. Thermal coal shipments during Q1 2024 were already the highest in the last two years. Kpler data shows that imports rose 23 per cent y-o-y to 42.95 MT during January-March 2024 from 34.85 MT a year ago. Compared to Q1 2022, the inbound shipments rose even higher by 36 per cent from 31.51 MT.

SCORCHING SUMMERS

Kpler's Lead Major Dry Bulks Analyst, Alexis Ellender pointed out that the outlook for Indian coal demand remains firm as hot weather drives up thermal coal consumption.

Thermal coal imports climbed to a five-month high of 16.23 MT in April, up by 1.50 MT y-o-y, Kpler data shows. April also included the two highest weeks for inbound shipments since November 2023; both above 4 MT, he told *businessline*.

Thermal coal imports (million tonnes)

	January	February	March	April	Total
2022	7.38	7.74	16.39	12.56	44.07
2023	10.55	10.78	13.52	14.73	49.58
2024	13.68	14.15	15.12	16.23	59.18

Source: Kpler

"Import demand has remained firm even as domestic coal production continues to rise strongly. Despite this increase in availability, consumption is such that coal stockpiles retreated from their late April peak to the lowest level since March in the first week of May. Nevertheless, stocks remain well above the year-ago level," Ellender pointed out.

As per government data, coal stocks at domestic coal-based (DCB) power plants stood at 36.05 MT on February 1 rising to 41.77 MT a month later and then to 47.34 MT and 45.40 MT during April 1 and May 1, respectively.

At the end of March, coal stocks at DCB plants stood at 47.30 MT after which they declined to 45.48 MT on April 30 and 44.45 MT on May 17.

Thermal power generation in April was up by 10.69 per cent y-o-y, while hydro power generation was down by 8.43 per cent y-o-y, he said.

Cumulative thermal power generation in April stood at 123,504 gigawatt hours (GWH) in April 2024, while hydro power generation totalled 7,993 GWH.

MORE IMPORTS

"Hot weather conditions are likely to persist into at least mid-May. We expect this month to represent the annual peak for Indian thermal coal imports. Hire rates for dry bulk carriers sailing from Indonesia to India rose to the highest level since October 2022 in the final week of April, supporting the case for further strong arrivals this month," Ellender said.

Senior government officials said that power demand will rise as mercury soars further north. The week beginning May 19 is expected to witness severe heat waves, leading to a higher demand for cooling. This will also push up imports during May.

The India Meteorological Department (IMD) has predicted that heat wave to severe heat wave conditions are very likely in many pockets over Rajasthan, Punjab, Haryana- Chandigarh-Delhi during May 18-22 and in some parts of West Uttar Pradesh on May 18 and May 19. Heat wave conditions are very likely in some parts of East Uttar Pradesh during May 18-22; West Uttar Pradesh during May 20-22; in isolated pockets over Uttarakhand, Gujarat State, Madhya Pradesh during May 18-22; Bihar, Gangetic West Bengal during May 18-20; Jharkhand on May 19-20; Odisha during May 20-22.

BUSINESS LINE DATE:21/5/2024 P.NO8

Buy aluminium futures; stop-loss at ₹226

Akhil Nallamuthu
bl. research bureau

Aluminium futures (May contract) on the Multi Commodity Exchange (MCX) are showing signs of a new leg of rally.

After consolidating between ₹230 and ₹237over the last two weeks, the contract rallied past ₹237 last week. It closed at ₹239.75 on Friday.

MCX Aluminium

COMMODITY CALL.

With the latest uptick, which is backed by good volumes, the price action shows that aluminium futures are now aligning back to the broader uptrend. From the current level, the nearest potential resistance is at ₹255. Subsequent resistance is at ₹270.

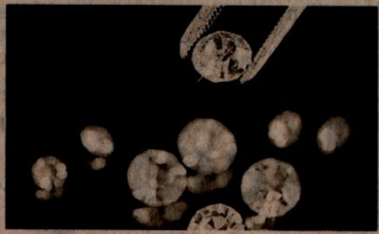
On the other hand, if aluminium futures see a dip in price from here, ₹230 can act as a strong support. Just below this lies the 50-day moving average at ₹225. So, essentially, the price region between ₹225 and ₹230 will be a good support.

If the contract slips below ₹225, the short-term trend can turn bearish. In such a case, aluminium futures can drop to ₹210, a support. Subsequent support is at ₹200.

Buy aluminium futures now at ₹240 and add longs if the price dips to ₹232. Place stop-loss at ₹226. When the contract touches ₹248, tighten the stop-loss to ₹240. Book profits at ₹255.

Global Overproduction Takes Shine off Indian Lab-grown Diamonds

Rates crash 45% in FY24, exports drop 18% in April; but local demand rises with gold prices



GETTY IMAGES

Sutanuka.Ghosal@timesgroup.com

Kolkata: Prices of Indian lab-grown diamonds (LGDs) have crashed by 45% in FY24 due to overproduction in the global markets. In FY24, global production of lab-grown diamonds stood at 40 million carats, which is almost 33% higher than FY23 production.

Indian LGD exports have dropped by 18.2% in April to $83.77 million in value terms compared to April FY23 as prices have fallen but demand at the home is increasing in tandem with rising gold prices prompting consumers to look at LGDs to bring down the overall cost of the jewellery. In FY24, India produced 16 million carats of LGDs.

"Prices have fallen by 45% in FY24. Any further decline in LGD prices will lead to severe losses for LGD manufacturers and will not be sustainable. The decline in LGD prices in FY24 simply erased supernormal profits and led to normalisation of profits across the value chain in the industry," said Pooja Sheth Madhavan, managing director of Limelight Diamonds, a chain of lab-grown diamond stores.

Limelight has 10 independent stores and 40 shop-in-shops across 25 cities and has five more stores in the pipeline.

"This decline in prices has significantly increased the time required to repay the loan taken for purchasing LGD machines which in turn is creating a huge barrier for entrants in growing LGDs. This has led to quality and price control in the hands of credible growers," Sheth Madhavan added.

Incidentally, many of the natural diamond players too have entered the LGD business as G7 sanctions on diamonds originating from Russia's Alrosa mines disrupted their businesses. Also, the slowdown in natural diamonds exports to the US and China has prompted them to get into the LGD business and redeploy their existing workers in Surat in these units.

Trade sources say India now has 6,000 LGD reactors in the country.

Tony Mehta, founder of Gogreen Diamonds said "The growing demand for LGDs in India and abroad has prompted me to change my business model. Now 85% of my business constitutes LGDs and 15% is natural diamonds. Demand for LGDs is growing at a fast pace in the US, UK, Australia, Canada, South America, and the Far East. India is a comparatively new market, but it is growing at a fast pace too as LGD is more affordable."

TOP GAINERS include Hindustan Zinc, Vedanta, JSPL and Hindalco; Chinese funding, US Fed actions to guide prospects, say analysts

Metal Stocks Rally on China's Realty Stimulus, LME Gains

Our Bureau

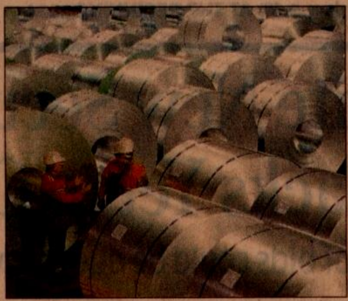
Mumbai: Metal stocks were the top gainers in Tuesday's trading as China's new package to rescue its floundering property market boosted sentiment in the sector. The Nifty Metal Index soared 3.9%, while the benchmark Nifty gained 0.1% on Tuesday.

Hindustan Zinc surged 20%, followed by Vedanta which gained 7.04%. Jindal Steel and Power and Hindalco moved up over 4%, while Tata Steel, JSW Steel, and Hindustan Copper rose over 3% each.

On Friday, China announced "historic" steps for the revival of its property sector, which has been in a crisis since 2021. The country's central bank will facilitate $138 billion in extra funding for the sector and ease mortgage rules, while local governments could buy some apartments, according to Reuters.

Analysts said China's announcement has raised hopes that any move to revive the country's real estate sector could boost demand for metals.

"Since China accounts for about 50% of global consumption of industrial metals, the demand is expected to rise," said Deepak Jasani, head of retail research at HDFC Securities. "The uptrend in industrial metal prices is also a supportive factor."



"The positive newsflow from China regarding the stimulus for the real estate sector and the recent uptick in LME base metal prices led to the uptick in the metal stocks," said Tushar Chaudhari, research analyst at Prabhudas Liladher. "Hindalco, Nalco and Vedanta are beneficiaries of the up move in metal prices like aluminium, zinc and silver."

Of the 15 stocks in the Nifty Metal index, 11 advanced and 4 declined, on Tuesday. In the past six months, the Nifty Metal Index has jumped 46.94% while the Nifty rose 13.72%.

Jasani said that in the short run, the metals sector is due for a correction, but the sector does not seem to have touched the peak of the current move. "While the correction may be swift, it is not likely to last for too long," said Jasani. "The rebound post the correction is expected to be quicker."

Chaudhari said metal stocks are trading at the higher end of the valuation range of 5-7 times the EV/Ebitda multiples and some correction can't be ruled out. "The near-term outlook for metals is cautious as some cool-off is expected in LME prices which have run up quite a bit in the past two months," said Chaudhari. "Any incremental news from China would determine future prospects."

Jasani said that if the China stimulus doesn't take off or the US rate cut gets postponed, the corrections in metal stocks could be triggered.

"While the domestic demand remains strong, the first two quarters in FY25 are expected to be weaker," added Chaudhari. "If the global steel pricing remains stable then domestic companies are likely to benefit as volume growth is strong in India."

Copper likely to come under pressure

REINING IN. Sluggish Chinese property sector, high output seen dragging price from record high

Subramani Ra Mancombu
Chennai

After soaring to record high on Monday on hopes of demand for energy transition, electric vehicles (EVs), data centres infrastructure amidst tight supplies, copper prices are showing signs of easing.

Prices will likely head lower on higher inventories, Chinese refined copper output increasing and a sluggish property market in China, analysts say. On Monday, the three-month copper contract on the London Metal Exchange soared to $11,104.50 a tonne. The current bull run is attributed to short-covering by speculators.

According to Chilean Copper Commission (Cochilco), copper will likely face a supply deficit of 3,64,000 tonnes compared to demand for this year. Last week, Cochilco raised its forecast for copper prices to $4.30 a pound from $3.85 earlier. "Although the high price of copper discourages manufacturers from stocking up inventory, demand remains strong," it said in a report. Stoppage of Panama's First Quantum copper mine, besides lower production expectations in Chile and Peru have given rise to fears that supplies could be short this year.

PRICE FORECAST

Last month, research agency BMI, a unit of Fitch Solutions, raised its 2024 average annual copper price forecast from $8,800/tonne to $9,200, on the back of tighter supply outlook and a decline in US dollar strength.

"While we anticipate that hopes of a Chinese demand turnaround, stemming from a recovering manufacturing sector, are likely to fuel price growth, we note that the property market downturn will be a major drag, placing a cap on prices and tilting the balance of risks to the downside," it said.

The World Bank, in its Commodity Outlook, projected copper prices to increase by 5 per cent in 2024 (year-on-year) and hold relatively steady in 2025 as new production comes online.

DUE FOR CORRECTION. ING Think said short-term fundamentals remain less constructive, which casts doubts over how sustainable copper's recent rally is

ING Think, the economic and financial analysis wing of Dutch multinational financial services firm ING, said short-term fundamentals remain less constructive, which casts doubts over how sustainable copper's recent rally is.

"...the prolonged crisis in China's property market doesn't show signs of bottoming out just yet. In particular, housing completions, which usually act as a good measure of copper demand, have been on a downtrend this year, down more than 20 per cent year-on-year, pointing at slowing demand for the red metal," it said in a commentary last week.

High refined copper output in China despite sluggish domestic demand is another concern. "Copper inventories are at seasonally elevated levels as peak season for local demand continues to disappoint. Stocks in the SHFE (Shanghai Futures Exchange) warehouses recently jumped above 3,00,000 tonnes, to a 4-year high, a level last seen when demand collapsed during the Covid pandemic," ING Think said.

SUPPLY GROWTH

The Australian Office of the Chief Economist said rising consumption of copper from end uses such as grid infrastructure and clean energy power generation are expected to offset moderating demand from sectors such as residential construction and manufacturing.

The World Bank said global demand for copper — a key input for construction and equipment manufacturing — is likely to increase only modestly this year, reflecting subdued global GDP growth and the protracted challenges in China's real estate sector.

ECONOMICS TIMES DATE:22/5/2024 P.NO2

A Silver Screen Hit & Yellow Metal Sets the Gold Standard

All-time high prices seen hitting demand, hallmarking sought for 9k yellow metal

Sutanuka.Ghosal
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Hot Commodity

Silver touches peak of ₹92,444/kg Tuesday

This is up 5.67% from Friday

Gold hovers around ₹74,222/ 10 gm

Has surged 17% in last 5 months

WHY THE SPARKLE

- Geopolitical tensions
- Growing anticipation of a rate cut by the US Fed
- Surge in Chinese demand for the yellow metal
- Improvement in global manufacturing activity

Kolkata: The gold trade has urged the Bureau of Indian Standards (BIS) to introduce hallmarking and Hallmarking Unique Identification (HUID) numbers for 9-carat gold as prices of the yellow metal along with silver have scaled an all-time high, becoming unaffordable for many. Currently, 14, 18 and 22 carat gold are hallmarked with an HUID number.

On Tuesday, silver reached a peak of ₹92,444 per kg, rising 5.67% from Friday, in Mumbai's Zaveri Bazaar, Asia's largest precious metal hub. Gold too is inching towards the ₹75,000 per 10 gm mark, hovering around ₹74,222 per 10 gm on Tuesday. Mumbai's jewellery market was closed on Monday due to the general election.

Officials at India Bullion & Jewellers Association (IBJA), an apex trade body, met BIS executives on Tuesday to discuss the issue of hallmarking and HUID numbers.

Surendra Mehta, national secretary of IBJA, said, "Prices are surging northwards and consumers are feeling the pinch of it. Keeping that in mind, we met the officials today to allow hallmarking for 9-carat jewellery." IBJA's gold rate is acknowledged by the Reserve Bank of India while fixing the price of sovereign gold bonds.

Nine-carat gold currently costs ₹27,740 per 10 gm. There will be a GST of 3% over and above this price. If hallmarking is allowed for 9-carat gold, consumers can buy a heavier piece of jewellery within their budgets.

Anuj Gupta, Head of Commodity & Currency, HDFC Securities said, "In recent weeks, silver has seen strong bullish momentum, driven by growing anticipation of a rate cut in September. Furthermore, following a period of consolidation in industrial metals, there has been a notable uptrend in recent times as global manufacturing activity has improved. This has also contributed to the upward movement of silver prices."

"Long-term, we believe silver has the potential to cross the ₹110,000 per kg level," Gupta added.

In the last five months, the price of gold climbed nearly 17%. The rally started from March 2024 due to geopolitical tensions, expectation of a rate cut by the US Federal Reserve and surge in Chinese demand for the yellow metal. "Despite the higher gold price, we believe there is room for further upside, with prices expected to hit ₹80,000-85,000 per 10 gm by Akshaya Tritiya next year," said Gupta.

Noting that the high price of gold is denting demand, Mehta at IBJA said, "The regular buyers are staying away. Only wedding-driven demand is there now. Pan-India, gold demand has fallen by 20%."

"Many jewellers have started using 18-carat gold nowadays for plain gold jewellery. However, ultimately it depends on consumers whether they prefer higher caratage gold or not," he added.

Baby George, chief executive officer of retail jewellery chain Joyalukkas said it has already started stocking 18-carat plain gold jewellery in selected showrooms.

TIMES OF INDIA DATE:22/5/2024 P.NO13

Metals shine: Gold rises to ₹74k/10gm, silver ₹93k/kg

Times News Network

Mumbai: A day after gold prices reached a new high at over $2,450-per-ounce in the international market, they crossed the Rs 74,000-per-10 gram mark in the city's bullion market.

Gold was trading at the Rs 74,350 level in late evening trades and silver, which has also been witnessing a stellar run, was traded at a high of Rs 93,400-per-kg, market data showed. While silver prices touched a new all-time peak, gold was trading near the all-time high level seen about a month ago.

According to a report by Emkay Wealth Management, there are several reasons for the recent rally in gold prices. "Gold prices moved up from the $2,050 base, where it was hovering around for a long time, to a new range mainly due to the tensions that emerged in the West Asia, and also on the back of the Fed stance in relation to the policy rate. The geopolitical situation has de-escalated to the comfort of the markets, though further escalation in geopolitical tensions cannot be ruled out," the report noted.

Strong buying by central banks is helping the rally in gold. So far in 2024, RBI has bought 25 tonne of gold

Strong gold buying by various central banks is also an important reason for the rally in the yellow metal, market players said. For example, so far in 2024, RBI has bought about 25 tonne of gold, a report by the World Gold Council said. Market players believe that festive demand as well as the demand from central banks could help sustain the rally in gold.

BUSINESS LINE DATE:22/5/2024 P.NO8

Cement industry building capacity despite shaky demand dynamics

TEPID OUTLOOK. Major firms have guided for 'moderation' due to elections and subsequent labour shortages

Abhishek Law
New Delhi

The cement industry is going ahead with expansion plans and capacity additions, despite the current dampened demand that is expected to persist through the first half of FY25. Major players foresee a modest 7-10 per cent volume growth this fiscal, the sluggish start marked by a pricing downturn notwithstanding.

In their earnings calls, big companies have guided for "moderation in demand" in the first six months, stemming from elections and subsequent labour shortages. This will be followed by monsoons, and pricing sentiments are expected to be torpid. "Going forward, there might be some amount of moderation (demand) in FY25... Our belief is that the slowdown should be shorter than earlier years, primarily because private sector housing has also picked up momentum," Atul Daga, CFO, UltraTech Cement, said. Prices have corrected sharply in the fourth quarter of FY24, and are expected to remain stable "with no significant improvements in the near term".

GROUND FOR OPTIMISM. There is a belief in some quarters that the slowdown could be shorter than earlier years as private sector housing has picked up momentum

PRICE MOVEMENT

Trade level prices have gone up by ₹3 per bag, across select markets in South and West India, while price hikes, announced in end-March and early-April, have not found takers in North, Central and East India. The southern region witnessed average price increase of ₹6 per bag (up 2 per cent month on month), with hikes being the highest in Tamil Nadu and Kerala (around ₹10 per bag). "But mostly remained flat in other markets," analyst firm Motilal Oswal said in a report.

Similarly, the western region saw a price rise of ₹10/bag m-o-m, mostly initiated in Maharashtra and Gujarat. "Sustainability of these hikes are unlikely in the near term," the report mentioned, adding that the average hike m-o-m was a mere 1 per cent, pan-India.

EXPANSION PLANS

Cement majors, meanwhile, are going ahead with their proposed expansion plans. UltraTech during its earnings call said the capex is pegged in the ₹9,500-crore range for FY25. The company has received single-window clearance for expansion in the North-East and has started due diligence of identified mines. Its capacity at the beginning of FY25 was 146.16 million tonnes (mt).

Daga said all organic expansions are on track. "(For) Kesoram transaction, CCI approval has already been received... Interesting to note they have already refinanced and reduced the cost of their debt by almost 50 per cent. Keeping in mind the potential capacity that we will get from Kesoram in the same market, we have put on hold our Hotgi grinding unit expansion, which was a 2.7-mt ground clearance capacity," he said.

The Adani Group said that it is on track to take up grinding unit capacities – across Ambuja, ACC and Sanghi – to 140 mt by FY28. The capacity addition is in progress with 35 new units coming up. The current capacity of the group stands at 78.9 mtpa. JK Cement said the company incurred a capex of ₹1,170 crore in FY24, and expected around ₹1,800-1,900 crore for each of the next two fiscals. Capex incurred in ongoing projects included 2.0-mtpa grinding unit at Prayagraj that will be likely commissioned in Q2-FY25. Orders have been placed for plant and equipment, and construction work has started for Panna with cement and clinker capacity of 1 mtpa and 3.3-mtpa clinker. Greenfield expansion of 3 mtpa at Bihar and brownfield 1 mtpa each at Hamirpur andPrayagraj are also expected to be commissioned in FY26.

BUSINESS LINE DATE:22/5/2024 P.NO2

JSW Cement plans to invest ₹3,000 cr in Rajasthan plant

Our Bureau
Mumbai

JSW Cement plans to invest about ₹3,000 crore to set up a 3.30-million tonnes per annum (mtpa) clinkerisation unit and a grinding unit of 2.50 mtpa, along with an 18-MW waste heat recovery-based power plant at Nagpura district in Rajasthan.

The investment also includes about seven-km-long Overland Belt Conveyor to transport limestone from the mines to the manufacturing plant and arrangements to use alternative fuel in the kiln.

The proposed investment will be funded through a mix of equity and long-term debt, said the company in a statement on Tuesday.

JSW Cement has already received some of the regulatory approvals and is on track to obtain other necessary clearances.

Once commissioned, this unit will mark JSW Cement's entry into the North India cement market. The current investment is expected to create more than 1,000 direct and indirect job opportunities.

Parth Jindal, Managing Director, JSW Cement, said the new capacity will help to tap the markets in Rajasthan, Haryana, Punjab and the NCR region.

According to the company, the proposed investment will be funded through a mix of equity and long-term debt

BUSINESS LINE DATE:23/5/2024 P.NO11

Vedanta Aluminium turning to renewables, not adding coal capacity, says CEO John Slaven

Reuters
New Delhi

Indian metals-to-oil conglomerate Vedanta Ltd's aluminium business will no longer add coal-fired capacity, its CEO said, in the company's biggest move yet toward renewable energy. Vedanta Aluminium, the country's biggest metal producer, aims to increase the share of renewable energy it is using to 30 per cent by 2030 from nearly 5 per cent now, John Slaven told *Reuters* in an interview.

The company currently has 4.8 gigawatts of coal-based power generation capacity.

Slaven said the company was securing supplies of 1.3 GW of renewable energy — a mix of solar and wind power — from India's Serentica Renewables. India is the world's third-largest greenhouse gas emitter. Coal accounts for nearly 50 per cent of the country's installed power capacity of 443 GW.

Although India is seeking to cut greenhouse gas emissions and boost the share of non-fossil fuels in electricity generation, Prime Minister Narendra Modi's government has defended the country's reliance on coal, citing growing energy requirements in the world's most populous country.

India has tried to attract private investment to help boost coal-fired power generation capacity by 80 GW by 2032.

Still, Vedanta Aluminium - part of London-headquartered Vedanta Resources and led by billionaire Anil Agarwal — would increasingly focus on renewables for its energy — intensive aluminium business.

John Slaven, CEO, Vedanta Aluminium

"We don't want to add additional thermal power. We have got to increase our renewables, so that's the focus," Slaven said.

India's No. 2 aluminium maker, Hindalco Industries, run by billionaire Kumar Mangalam Birla, will largely rely on renewable power for any new capacity additions at its smelters, said a company spokesperson.

BUOYANT DEMAND

Slaven said Vedanta Aluminium would raise its production capacity to cash in on India's strong demand for the metal.

India's rapid economic growth would keep aluminium demand buoyant and eventually make the domestic market more attractive than Vedanta's top export destinations such as Southeast Asia, Japan, North America and South America.

Industries such as construction, electrical transmission, wind and solar power and automobiles, would keep demand strong, Slaven said.

The company expects to raise its aluminium production capacity to 3 million tonnes by 2026 from about 2.4 million tonnes now and smelting capacity to 3 million tonnes from 2.4 million tonnes.

Similarly, Vedanta Aluminium would boost its refining capacity to 6 million tons by 2026, from 2 million tonnes, Slaven said.

He also said the company expects to get environmental clearances for its first wholly-owned bauxite mine in eastern India this year, a move that would help Vedanta Aluminium's capacity expansion plans.

Other than buying bauxite locally, the company relies on imports for bauxite, which is used to produce alumina, the feedstock for aluminium.

SAIL eyes cheaper coal, in talks with Railways to rein in debt

CHALLENGES. Debt up 19% in FY24 due to piling inventory, cost of imported coking coal

Abhishek Law
New Delhi

SAIL's debt surged 19 per cent year-on-year to ₹30,500 crore in FY24, driven by higher inventory, lower-than-expected price realisation from railway orders, and rising cost of imported coking coal. In the first two months of the current fiscal, its debt climbed another 17 per cent to ₹35,000 crore. Debt stood at ₹25,662 crore in FY23.

In FY21, the State-owned steel-maker's borrowings were at a high ₹35,350 crore, which it lowered to ₹13,386 crore in FY22. However, the debt inched up from FY23, primarily on account of metal price volatility and rising raw material costs.

During FY24, SAIL's borrowing stood at ₹29,414 crore at Q1-end (April to June); ₹25,490 crore at the end of Q2; ₹28,127 crore at Q3-end; and shot up 6 per cent in the last quarter.

According to Praveen Nigam, Executive Director – Finance and Accounts, SAIL, was expecting improved realisations with long products witnessing 12-13 per cent price rise between April and May. This would be aided by a softening or stability in coking coal import prices — which are hovering at $239-240 per tonne. Renegotiation of prices with the Railways is underway too. "All this put together would help pare debt "below ₹30,000-crore levels," he said.

SAIL'S DEBT TRAJECTORY

- Steel major's debt stood at ₹25,662 crore in FY23
- It surged 19 per cent year on year to ₹30,500 crore in FY24
- In the first two months of FY25, it climbed 17 per cent to ₹35,000 crore

INFRA PUSH

Domestic demand is expected to sustain with rthe government's thrust on infra; the SAIL management has guided for a 13-14 per cent growth in steel consumption and production in FY25.

The company is targeting crude steel production of over 20 million tonnes (mt) and saleable steel at 19 mt for the ongoing fiscal. "We had over 1.6 mt of inventory beginning FY25, and in these two months it was down by 2.09 lakh tonnes. Borrowings were over ₹30,500 crore and, in this quarter, borrowings increased on account of high inventory, lower realisation," Nigam said during the post-earningsinvestor call.

"Currently (mid-May), our borrowing is to the tune of ₹35,000 crore... coal prices are coming down and we expect them to be softer this fiscal; (incremental) realisation from Railways is expected to increase, and NSR (net sales realisation) will not come down further. So, we are hopeful that our borrowings will be below ₹30,000-crore levels for the fiscal," he said.

In Q4, the long NSR stood at ₹55,400 per tonne and the price of flat steel product was ₹53,700 per tonne. Price of long steel products is expected to be around ₹54,600 per tonne in Q1, while for flats it is ₹53,500 per tonne.

MODERNISATION PLANS

SAIL's modernisation and capacity addition plans, valued at ₹1-lakh crore, are set to gain momentum from October. The first phase of tenders for capacity ramp-up at IISCO Burnpur are being considered.

Plans are underway to establish a 4.1-mt greenfield flat steel facility at IISCO, primarily focused on hot-rolled coils. Construction of the CRC facility will follow subsequently.

The capital expenditure for FY25 is earmarked at ₹6,300 crore.

BUSINESS LINE DATE:23/5/2024 P.NO2

Gold outperforms Nifty 50 over 2-year and 5-year periods

Our Bureau
Mumbai

Gold has beaten Nifty 50 over a 2-year and 5-year period but underperformed over a 10-year and 3-year period. Yellow metal outperformed Nifty in 3 out of 10 years between 2014 and 2024.

Data from PMS Bazaar shows that from FY22-24, MCX Gold returned 14.05 per cent compared with 13.1 per cent returned by the Nifty. From FY18-24, gold gained 16.1 per cent compared with 13.9 per cent returned by the Nifty. However, a comparison of yearly performance shows that the yellow metal and Nifty have a much lower correlation (see table). Gold tends to outperform equities during times of economic turmoil. For instance, gold outperformed the Nifty 50 from FY08 to FY09, which was affected by the global financial crisis. In FY09, gold's performance was about 25 per cent, while Nifty 50's performance was down 36 per cent.

Similar outperformance was visible in FY20 during Covid-19-induced lockdowns and restrictions. The performance was repeated in FY23, which saw the Russian-Ukraine war. Gold was up 16 per cent and equity was down about 1 per cent. "While equities have provided superior long-term returns compared to gold, gold possesses a unique ability to act as a hedge against volatile stock markets during economic downturns," said PMS Bazaar in a note.

Yearly performance

	MCX Gold	Nifty
FY14	3.21	17.98
FY15	-8.09	26.65
FY16	11.09	-8.86
FY17	-1.98	18.55
FY18	7.46	10.25
FY19	3.05	14.93
FY20	30.01	-26.03
FY21	7.00	70.87
FY22	16.46	18.88
FY23	16.07	-0.60
FY24	12.06	28.61

Source: MCX, NSE, PMSBAZAAR

DAINIK BHASKAR DATE:23/5/2024 P.NO10

रेत माफिया होले बंधु के खिलाफ पुलिस अधीक्षक की बड़ी कार्रवाई

बोर नदी के पारडी और उमरा रेत घाट पर छापा

- पांच टिप्पर, पोकलेन जेसीबी और ट्रक समेत 2.60 करोड़ का माल पकड़ा

भास्कर न्यूज़| वर्धा

रेत माफिया होले बंधु के खिलाफ पुलिस अधीक्षक ने कड़ी कार्रवाई कर जेसीबी, टिप्पर, पोकलेन, ट्रक व रेत समेत 2 करोड़ 60 लाख 20 हजार रुपए का माल जब्त किया। यह कार्रवाई समुद्रपुर पुलिस थानांतर्गत बोर नदी के पारडी व उमरा रेत घाट पर बुधवार 22 मई की सुबह 3 बजे की गई। कार्रवाई अंतर्गत 12 आरोपियों पर मामला दर्ज कर तीन को गिरफ्तार किया गया।पुलिस अधीक्षक नुरुल हसन ने मिली जानकारी के आधार पर समुद्रपुर पुलिस थाना के बोर नदी के पारडी व उमरा रेत घाट पर छापा मार कार्रवाई की। इस समय नदी तट से रेत की अवैध ढुलाई करते हुए कुछ लोग पाए गए। पुलिस ने छापा मारकर दसपहिया एमएच 32 एजे 5588 क्रमांक का टिप्पर कीमत 30 लाख, एमएच 32 एजे 3388 क्रमांक का काली रेत से भरा हुआ टिप्पर कीमत 30 लाख 20 हजार रुपए, एमएच 2 एजे 7162 क्रमांक का टिप्पर कीमत 30 लाख, एमएच 31 सीबी 3030 क्रमांक का टिप्पर कीमत 30 लाख, बगैर नंबर की पोकलेन मशीन कीमत 65 लाख, एमएच 40 बीई 6866 क्रमांक का जेसीबी कीमत 25 लाख रुपए, एमएच 32 एएस 7766 क्रमांक का ट्रक कीमत 20 लाख रुपए कुल 2 करोड़ 60 लाख 20 हजार का माल पाया गया।

ANALYSTS SUGGEST INVESTORS COULD INCREASE ALLOCATION TO GOLD FROM 8-10% TO 10-15%

Gold's March Likely to Continue, Use Price Corrections to Buy

Central bank purchases, surging global inflation and geopolitical tensions add tailwinds

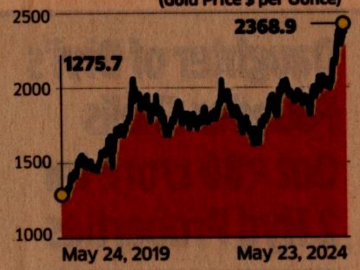
Prashant.Mahesh@timesgroup.com

Gold Funds

Scheme	3-year return (%)
LIC MF Gold ETF	14.5
SBI Gold	14.39
Axis Gold	14.27
HDFC Gold	14.23
ICICI Pru Regular Gold Savings	14.22

Source: Value Research

On A Roll (Gold Price $ per Ounce)



Mumbai: It appears to be a goldilocks scenario for gold — and ignoring its allure could prove costly for savers.

Gold hoarding by emerging market central banks as West Asia remains on the boil adds lustre to this traditional store of value, as does the near certainty of a prolonged pause in US interest rates.

"Investors could increase their allocation to gold from 8-10% to 10-15%, over the next three months, given the positive outlook for gold," says Tapan Patel, fund manager – commodities at Tata Asset Management.

Gold prices have moved up sharply in recent times and outperformed the Nifty 50 over a 5-year period returning 17.39% against the Nifty 50's re- over a 10-year period returning 9.02%, against the Nifty 50 return of 13.3%.

Over the last three months, prices rose 19%, while over a year, they rose 22.8%.

Wealth managers point out that there are many reasons for gold to move higher, and believe investors could accumulate it over any dips in the next 3 months..

US CPI rose 0.3% in April last month after advancing 0.4% in March and February, suggesting that inflation has resumed its downward trend at the start of the second quarter.

...olitical conflicts, fiscal or monetary efforts to support the economy in the run-up to US elections and the just announced slowdown in Fed balance sheet reductions could negatively influence the inflation situation, keeping gold relevant," says Ghazal Jain, fund manager at Quantum Mutual Fund.

Gold prices will also remain strong due to a flurry of buying by central banks led by China, Turkey and Russia, adds Patel. The invasion of Ukraine in 2022 led to fears about risks of the US dollar exposure for many countries.

BUSINESS LINE DATE:24/5/2024 P.NO3

RBI's gold holdings now exceed India's annual demand for yellow metal

Suresh P. Iyengar
Mumbai

The Reserve Bank of India holds 828.6 tonnes of gold currently, which is more than the country's average annual demand of 750-800 tonnes, notwithstanding the high prices of the precious metal. The RBI has joined other central banks in gold plating now.

The overall demand for gold in the country last year was down marginally at 747 tonnes against 774 tonnes in 2022.

RBI added 25 tonnes of gold since the start of the year taking the overall holding to a new peak as of April-end.

The central bank's net gold acquisitions in this year has exceeded last year's purchase of 16.2 tonnes. The RBI, on average, has been purchasing about 6 tonnes of gold a month this year. As of early May, gold comprised 8.5 per cent of its total reserves, up from 7.7 per cent at the close of 2023.

Kavita Chacko, Research Head-India, World Gold Council, said the central bank is among major emerging market central banks that have been driving gold purchases in this year and seems to be on track for net gold acquisition reminiscent of levels of 77.5 tonnes recorded in 2021 when the average monthly buying was 6.5 tonnes.

In March, the Centre exempted 15 per cent import duty and 5 per cent Agriculture Infrastructure Development Cess on gold imported by the RBI.

GOLD IMPORTS

Consumer interest in the yellow metal has been growing leading to revival in imports despite volatile pricing. Gold imports in

The central bank added 25 tonnes of gold since the start of the year taking the overall holding to a new peak as of April-end

April hovered around 50 tonnes, higher than 34 tonnes in March and 17 tonnes logged in April, 2023, according to WGC estimate.

The trend is despite record high prices during the month and can be attributed to the stocking up in readiness for Akshaya Tritiya in May, said WGC.

Gold prices which were hovering around ₹72,700 per 10 gram in April fell to touch ₹71,500 on May 9, but zoomed to ₹73,008 on May 10, according to Indian Bullion and Jewellers Association data.

IMPORTS UP 20%

Gold imports into the country was up 20 per cent last year to 781 tonnes against 651 tonnes in 2022 even as overall demand was down three per cent at 747 tonnes against 774 tonnes logged in the previous year.

Rising consumer interest was reflected in the reduced discounts on domestic gold prices in relation to international prices.

India's gold price discounts averaged $3 an ounce in the first fortnight of May, down from $10 an ounce in April.

BUSINESS LINE DATE:24/5/2024 P.NO9

Global steel production down 5 per cent in April

Achuth Vinay
Chennai

Global crude steel output declined by 5 per cent in April 2024 to 155.7 million tonnes (mt) compared with 164 mt in the corresponding period a year ago. According to the World Steel Association (worldsteel), top producer China's output declined to 85.9 mt in April, down by 7.2 per cent from the year-ago period. India reported a 3.6 per cent rise in production at 12.1 mt.

JUMP IN GERMANY

Germany's production surged by 6.4 per cent to 3.4 mt. Turkiye's production surged by 4.5 per cent at 2.8 mt. While Iran's output dropped by 12.3 per cent at 2.7 mt, South Korea's production slid by 10.4 per cent at 5.1 mt. Russia's production went down by 5.7 per cent at 6.2 mt. The United States and Japan saw their output go south by 2.8 per cent and 2.5 per cent, respectively, at 6.7 mt and 7.1 mt. Production in Brazil, too, dipped a tad, going down 2.1 per cent by at 2.7 mt.

Region-wise, Africa saw its output go up by 1.4 per cent. While EU saw its numbers go up by 1.1 per cent, Europe (Others)'s output decreased by 2.6 per cent. Asia and Oceania's steel production plunged by 5.8 per cent. The West Asia region's production plummeted by 8.2 per cent, while North America's output slipped by 5.2 per cent. South America's steel production was down by 3.9 per cent compared with April 2023 figures. Russia and other CIS nations saw their figures fall by 3.5 per cent.

The World Steel Association in its short-range outlook has forecast that demand will see a 1.7 per cent rebound this year to reach 1,793 mt. Steel demand is forecast to grow by 1.2 per cent in 2025 to reach 1,815 mt.

BUSINESS LINE DATE:24/5/2024 P.NO3

India steps up Africa mineral play to check Chinese dominance

Abhishek Law
New Delhi

India is looking to ramp up its critical mineral play in Africa as it aims to secure essential resources and challenge China's dominant position in the region. There are MoUs in place with at least eight African nations for mining collaborations including access to resources.

The nations include South Africa, Mozambique, Congo, Tanzania, Zambia, Malawi, Republic of Cote d'Ivoire and Zimbabwe. The key focus continues to be on critical minerals such as copper, cobalt, niobium, graphite, titanium and lithium, among others.

Some of the lobby groups in the US have pointed out that China currently controls an estimated 8 per cent of Africa's resources and the numbers have gone up from 2018 estimates.

In fact, the race for critical minerals primarily focuses on cobalt and copper —key EV battery making metals, apart from lithium. Congo — Zambia is the key area of interest for countries. Few western mining companies have until now ventured into the renascent Copperbelt region braving political risk, poor infrastructure and, in certain cases, the questions around artisanal mining. Few have lasted.

INDIA UPS ANTE

US producer Freeport McMoRan brought the Tenke Fungurume copper-cobalt mine into production in 2009. It sold its holding to CMOC in 2016,

The race for critical minerals primarily focuses on cobalt, copper and lithium

giving the Chinese company its first foothold in the Congo. India, meanwhile, is pushing for increased presence in the region primarily through a mix of G2G negotiations — that allow it mines on a nominated basis — and private entity interests that allow direct investment there by companies.

Discussions have covered facets like exploration of resources or mines in select nations, looking at possibilities of acquisition and subsequent commercial off-take, including processing of some of these minerals.

As recently as February, India signed an MoU with the Republic of Cote d'Ivoire for collaboration in the field of geology and mineral resources.

"We are tapping into some of the African nations for mineral deposits. MoUs are being looked into in the field of mining, primarily critical minerals," an official aware of the discussions told *businessline*.

For instance, in Tanzania, India is pitching for access to resources such as niobium and graphite; while in Zimbabwe it could be lithium. Similarly in Congo and Zambia its copper and cobalt.

CHINESE PRESENCE

In Congo, China is said to control over 5 per cent of the cobalt processing facilities.

Chinese companies are estimated to own 80 per cent in Tenke Fungurume mines — which produce nearly 12 per cent of the world's resource; while in a recent announcement, around 95 per cent of stake in a yet to be developed cobalt and copper project Kinsafu was picked up by the Chinese.

In Zimbabwe, substantial Chinese investments are being made towards securing of lithium.

ECONOMICS TIMES DATE:25/5/2024 P.NO7

DOUBLE BONANZA: COST OF PRODUCTION DROPS, VOLUMES INCH UP IN MARCH QTR

Hindalco Draws Up ₹6kcr Capex Plan to Fuel Growth

While Q4 profit rises by nearly a third to ₹3,174 cr, top line stays flat at ₹55kcr

Nikita.Periwal@timesgroup.com

Mumbai: The current fiscal will be heavy on capital expenditure for Hindalco Industries as the company invests on several growth projects, including its alumina refinery, copper recycling plant, battery foil manufacturing unit, and development of the Chakla coal mines, managing director Satish Pai said.

The Aditya Birla Group company will spend ₹6,000 crore on capital expenditure in India this year, Pai said on a call post the company's quarterly and full-year earnings. "This year, we would rather spend the cash on the growth capex planned," he said. The capex will be entirely funded through internal accruals.

Earlier this year, the company had said it would spend ₹5,000-5,500 crore on capex in FY25. In FY24, it spent around ₹4,200 crore on capex.

While the company repaid debt of ₹5,195 crore in 2023-24 (April-March), it has "no plans" for repayment this year, Pai said. This comes at a time when its consolidated net debt fell to ₹31,536 crore as of March 2024 from ₹33,959 crore a year earlier.

The lower debt also helped bring down its net debt-to-Ebitda ratio to 1.21 times from 1.39 times a year ago. A strong performance in FY24 also aided this metric, as the company's earnings before interest, tax, depreciation and amortization for the year was 7% higher at ₹25,728 crore.

For the March quarter, Hindalco Industries' consolidated operating profit surged 24% on-year to ₹7,201 crore, even as its top line remained flat on-year at on year at ₹55,994 crore. Net profit rose by nearly a third to ₹3,174 crore as all its business verticals saw an improvement in profitability.

"Hindalco concluded the year with very strong results across all business segments. This was a clear testament to our strategic focus on value-added products and margin improvement," Pai said.

Cost of production in January-March was marginally lower, compared to the December quarter. It is expected to see another 1-2% decline in the current quarter. One of the largest producers of aluminium in the country, Hindalco saw the best-in-class margins of 32% for its upstream operations in India, as cost of production was lower while volumes inched up.

Revenue in both the upstream and downstream aluminium operations in India were higher as compared to the previous year, which helped the operating profit from these operations surge 24% on year.

Co Eyes Nickel Cobalt Mines

New Delhi: Hindalco Industries on Friday said it is in the process of bidding for two nickel cobalt mineral blocks in Maharashtra and Karnataka. Speaking to the media, Hindalco MD Satish Pai said the company is not scouting for any critical mineral blocks overseas as there are a lot of blocks that have been put up for sale in India.

"We are bidding for two nickel cobalt mines," he said.

Critical minerals such as copper, lithium, nickel, cobalt, and rare earth elements are essential components in rapidly growing clean energy technologies — from wind turbines and electricity networks to electric vehicles.- **PTI**

BUSINESS LINE DATE:25/5/2024 P.NO2

Hindalco's Q4 profit up 32 per cent at ₹3,174 crore on lower cost, better realisation

Our Bureau
Mumbai

Hindalco Industries, an Aditya Birla Group, has reported 32 per cent rise in March quarter net profit at ₹3,174 crore against ₹2,411 crore logged in the same period last year, largely due to lower cost and better realisation.

Revenue from operations was flat at ₹55,994 crore (₹55,857 crore). EBITDA was up 24 per cent at ₹7,201 crore (₹5,818 crore).

The company has declared a dividend of ₹3 per equity share.

Aluminium upstream EBITDA increased 24 per cent at ₹2,709 crore, while that of copper hit an all-time high at ₹776 crore — up 30 per cent. Aluminium upstream revenue was up 5 per cent at ₹8,469 crore (₹8,050 crore). Downstream aluminium EBITDA per tonne was up 15 per cent at $174 ($152).

Hindalco, through a special purpose vehicle, has acquired 74 per cent stake in fabrication facility of HBT in Pune for ₹34 crore to make doors and windows. HBT sells its products under Eternia brand.

Satish Pai, Managing Director, Hindalco Industries, said the growth in profit was driven by better demand, lower operational cost and higher realisation in both aluminium and copper.

"We expect coal and other input cost to remain flattish in June quarter with a stable demand scenario. However, imports from China remain a major concern," he added.

In preparation for disruption of coal supply during monsoon, the company has increased inventory up to 30 days against 15-17 days in normal circumstances.

Satish Pai, MD, Hindalco Ind

NEW ORDERS

The company plans to invest ₹6,000 crore this fiscal in ongoing projects including aluminium flat rolled products, alumina refinery, copper recycling plant and battery foil manufacturing. It has repaid ₹5,195 crore debt to bring down the net debt to ₹31,536 crore in March quarter against ₹34,835 crore in December quarter.

The company has acquired fresh orders to supply aluminium to make six railway wagons for a leading cement company and bagged contracts to supply aluminium cases for making electric vehicle batteries for a automobile company in Pune.

"We are in talks with another two more automobile companies to sign similar contracts," said Pai.

The company was not affected by the Red Sea crisis as its exports to Europe was limited. However, aluminium scrap imports have come down due to sharp increase in shipping cost, he added.

In FY24, Hindalco's net profit was flat at ₹10,155 crore (₹10,097 crore) while revenue was down at ₹2.16-lakh crore (₹2.23-lakh crore).

Shares of the company was down 0.51 per cent at ₹673 on Friday.

BUSINESS LINE DATE:25/5/2024 P.NO5

Sagar Cements plans ₹330-crore capex in FY25; to focus on cost optimisation

G Naga Sridhar
Hyderabad

Sreekanth Reddy, Joint MD, Sagar Cements

Sagar Cements has lined up a capital investment to the tune of ₹330 crore in the current financial year, according to its Joint Managing Director, Sreekanth Reddy.

"In FY25, the capex is roughly around ₹330 crore. Of this, ₹250 crore to ₹270 crore is allocated to Andhra Cements Plant. The remaining capex will be for a 6-megawatt solar plant at Gudipadu. The overall Capex at Jeerabad and Gudipadu is approximately ₹20 crore each. The overall FY25 capex numbers are roughly around ₹330 crore," Reddy said.

LONG-TERM PLANS

Capex planning across the Group is more about cost optimisation than looking at growth numbers. Some portions of the proposed capex are intended for modernisation and not only for not for incremental volumes, Reddy said, adding that the investments will be made mainly from a perspective of reducing the cost as part of long-term initiatives.

In capacity utilisation in FY25, Sagar Cements generated volumes of about 5.51 mn mt in line with its guidance of closing the year with volumes of 5.6 mn mt. "For FY25, we are targeting overall volumes of 6.5 mn mt," he said.

GREEN ENERGY

On the energy, front Sagar is steadily moving toward the green energy path. "Our target is to have 50 per cent green power in our portfolio by 2030. We are very much in line to achieve those numbers," Reddy said,

Sagar Cements ended Q4 of FY24 on a positive note with volume growth of 19 per cent and 14 per cent for the full fiscal.

"Demand from infrastructure projects and urban real estate remained consistent in the market. We expect the volume trend to sustain in coming years as we steadily ramp up the utilisation levels across all our units," Reddy said.

ECONOMICS TIMES DATE:28/5/2024 P.NO8

Cement Stocks to Feel the Heat of Falling Demand, Prices

Focus on protecting sales volumes by keeping prices benign to moderate premium valuations of top players: Analysts

Rajesh.Naidu@timesgroup.com

ET Intelligence Group: The stocks of top cement companies have outperformed the benchmark indices over the past month on hopes of demand recovery after the general elections. However, premium valuations of these companies are expected to moderate in the near term given their strategy to protect sales volume by keeping prices benign amid weak demand.

In the March quarter, the all-India average cement price fell by 5.1% year-on-year to ₹359 per 50 kg amid weak demand across regions. As a result, cement firms focused more on sales volume, which rose by 7-22% for large players during the quarter from the year ago. The top four companies — UltraTech Cement, ACC, Ambuja Cements and Shree Cement — command over 55% of the market share.

A moderation in input costs has helped cement manufacturers keep the cement prices lower. Coal and pet coke prices have fallen by 25-50% over the past 12 months. Power and fuel expenses form 30-35% of the total costs of cement firms.

"As costs of key raw materials come down, large companies are employing a strategy of cutting prices and focusing more on sale volumes. This is not a healthy strategy for the sector," said a senior fund manager with a leading fund house who wished to remain unnamed. He added that since price cuts will affect margins and the extent of earnings in the coming quarters, it will compress the valuation multiples.

According to rating firm Crisil, the industry is estimated to add 70-75 million tonnes (MT) of capacity in the next year and over half of it from large companies. At present, India's total cement capacity is 595 MT. The incremental capacity addition is likely to prompt cement manufacturers to go slow on raising product prices until demand improves meaningfully.

Based on estimated FY25 financials, large cement companies trade at an enterprise value (EV) of $150-210 per tonne. Their EVs are 16-22 times their FY25 expected operating profit (Ebitda).

Valuations & Returns

Company	EV/EBITDA		RoCE (%)	
	FY24	FY25E	FY24	FY25E
UltraTech Cement	23.7	19.4	13.2	15.1
ACC	16.8	13.5	14.1	15.3
Ambuja Cements	21.3	17.1	15.4	16.1
Shree Cement	20.6	17.1	16.9	18.2
JK Cement	17.8	15.5	10.9	11.9
JK Lakshmi Cement	9.8	8.8	13.9	14.3
Nuvoco Vistas	9.5	7.8	5.8	8.0
The Ramco Cements	15.1	13.5	7.3	8.5

Source: Centrum Broking

BUSINESS LINE DATE:28/5/2024 P.NO8

Aluminium futures: Stay away for the time being

Gurumurthy K
bl. research bureau

Aluminium prices witnessed some wild swings last week. The aluminium futures contract on the MCX initially surged to a high of ₹252.10 per kg. But from there, it fell sharply, giving back all the gains to make a low of ₹236.85.

COMMODITY CALL.

The contract has bounced slightly from there, and it is trading at ₹243.50 per kg.

Support is around ₹240. As long as the contract stays above this support, the near-term outlook can be positive. A rise to ₹250-252 can be seen again. Broadly, ₹240-₹252 can be an expected trading range for some time. On the charts, flat moving averages also favour a range-bound movement for some time. So, a breakout on either side ₹240-

₹252 will be needed to determine the next leg of the move. A break below ₹240 can take it down to ₹237 – the next support. A further break below ₹237 can drag the Futures contract further down to ₹230-₹229 in the short term. On the other hand, a decisive break above ₹252 will be bullish.

Traders can stay out of the market at the moment. Although the contract is holding well above ₹240, we may have to wait and watch if a strong follow-through rise occurs in the next few days. As such wait for the MCX Aluminium contract to break out on either side of ₹240-₹252 and then take trades accordingly.

EMPLOYMENT NEWS
DATE:25/5/2024 P.NO16

भारत सरकार
Government of India
खान मंत्रालय
Ministry of Mines

भारतीय खान ब्यूरो
Indian Bureau of Mines

Invites applications for three posts of **Senior Administrative Officer** in the Level-11 (Rs. 67700-208700) General Central Service, Group 'A', Ministerial Gazetted in Indian Bureau of Mines (IBM), by deputation (including short term contract) from the Officers of the Central Government or State Governments or Union Territories or Public Sector Undertaking or Universities or Recognised Research Institutes or Autonomous Bodies or Statutory Organisation.

The last date of receipt of applications for the post in the Department is **60 days from the date of publication of this advertisement in the Employment News.**

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(Parag M. Tadlimbekar)
Suptdg. Mining Geologist
& Head of Office

EN 8/24

THE HINDU DATE:29/5/2024 P.NO11

NMDC raises iron-ore prices, Q4 net slumps

P. 11(The Hindu)

The Hindu Bureau
HYDERABAD

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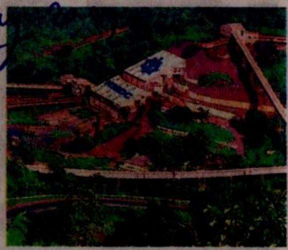


State-owned mining major NMDC increased iron-ore prices by ₹250 per tonne for the lump-ore variety and by ₹350 for a similar quantity of fines with effect from May 28.

Post the revision, lump ore costs ₹6,450 per tonne and fines ₹5,610, India's largest iron-ore producer said in a filing on Tuesday.

It is for the second month in a row NMDC had increased the prices.

Meanwhile, NMDC reported consolidated net profit for the quarter ended March slumped almost 38% to ₹1,415.62 crore on a more than 18% rise in total income to ₹6,908.37 crore.

For FY24, consolidated net profit rose a tad to ₹5,571.25 crore on a 23% rise in total income to ₹22,678.73 crore. NMDC declared a final dividend of ₹1.50 per share for FY24.

ECONOMICS TIMES DATE:30/5/2024 P.NO4

₹10,000-CR BHOLA SYNTHETIC DRUG RACKET CASE

ED Raids 13 Sites in Punjab Illegal Mining Case

Our Political Bureau

New Delhi: The Enforcement Directorate (ED) Wednesday carried out raids at 13 locations across Punjab, in connection with its ongoing probe into alleged money laundering linked to an illegal-mining case.

The agency claims to have seized Rs 3.5 crore during the raids.

The raids, by ED's Jalandhar wing, were carried out in the nearby areas of Rupnagar district. According to people in the know, illegal mining was being done on land that the federal agency had attached in connection with the Bhola drug case.

ON 'ATTACHED' LAND

Illegal mining was being done on the land attached by ED, according to people in the know

The Bhola drug case is at a crucial stage of trial before a special court under the Prevention of Money Laundering Act.

The people said those involved in the case included one Nasib Chand, allegedly to be a key figure in the mining mafia.

In the Bhola drug case, involving the now-dismissed police official Jagdish Singh Bhola, the Punjab police had busted a synthetic drug racket estimated to be worth over Rs 10,000 crore over a decade ago.

The ED, which investigated money laundering linked to the case, had attached properties worth more than Rs 200 crore belonging to various people, including politicians, NRIs and Bhola himself.

TIMES OF INDIA
DATE:30/5/2024 P.NO10

Tata Steel's profit slides 65% to ₹555cr in March qtr

Times News Network

Mumbai: Tata Steel reported a 65% decline in quarterly profit due to lower price realisations and one-time loss. Profit stood Rs 555 crore in the March quarter, down from Rs 1,566 crore a year ago. It reported a one-time loss of Rs 594 crore due to restructuring and impairment provisions related to surrendering a chromite mining block in India.

Profit was hurt by lower realisations across geographies and missed the average of analyst estimates compiled by Bloomberg. Revenue from operations fell 6% to Rs 58,446 crore from a year earlier. Domestic steel prices were under pressure during the quarter as India imported higher volumes of finished steel from China.

Tata Steel to invest $2bn to fund rejig of UK ops

Tata Steel will infuse $2.1 billion (Rs 17,408 crore) in its Singapore arm, to repay debt of its offshore entities and to "support the restructuring costs" of its loss-making UK operations. It will convert debt instruments worth $565 million (Rs 4,661 crore) it holds in the Singapore arm into equity shares, said Tata Steel. TNN

"China's steel supply continued to outpace the demand leading to elevated exports," Tata Steel said, adding that subdued demand in the world's biggest producer and consumer of the material "remains an overhang".

The company's expenses declined 6% to Rs 56,497 crore in Q4 FY24. Its European business made an operational loss of Rs 659 crore, while its India unit's operating profit increased just by 1% to Rs 8,525 crore. However, operational losses at the European business reduced by 60%. During the quarter, Tata Steel spent Rs 4,850 crore on capital expenditure and Rs 18,207 crore for FY24. Its net debt now stands at Rs 77,550 crore.

BUSINESS LINE
DATE:30/5/2024 P.NO10

COMMODITY CALL.

Copper: Go long at ₹907, exit at ₹960

Gurumurthy K
bl. research bureau

Copper prices have recovered this week after a sharp fall in the past week. The copper futures contract on Multi Commodity Exchange (MCX) tumbled from a high of ₹945.90 per kg last week to a low of ₹880 before recovering to trade at ₹907.

Copper futures contract can rise to ₹930 in a week or so. A break above ₹930 will boost the bullish momentum and take the contract up to ₹975.

The rise will be negated only if the contract declines below ₹870.

Then there could be a fall to ₹850 initially. A further break below ₹850 will see an extended fall to ₹830.

However, as seen from the charts, the support at ₹870 is likely to hold and limit the downside.

As such, there's a high chance for a rise to ₹930 and ₹975 in the coming weeks.

TRADE STRATEGY

Traders can go long now at around ₹907. Accumulate on dips at ₹898. Keep a stop-loss at ₹876.

Trail the stop-loss up to ₹915 as soon as the contract moves up to ₹925. Move the stop-loss further up to ₹935 when the contract touches ₹945 on the upside.

Exit the longs at ₹960.

BUSINESS LINE DATE:30/5/2024 P.NO8

Hindalco stock hits new peak as Novelis launches IPO

KS Badri Narayanan
Chennai

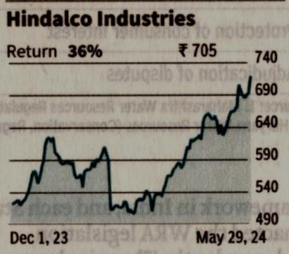
Shares of Hindalco Industries hit a record high of ₹713.40 on Wednesday on the BSE, after the company's US arm Novelis launched initial public offering (IPO) to raise up to $945 million. The stock, however, closed at ₹705.35, up 3.64 per cent over the previous day's close.

"The IPO's price per common share is currently estimated to be between $18 and $21 a share. Novelis has applied to list its common shares on the New York Stock Exchange under the symbol 'NVL'," the company said in a statement on Tuesday. Novelis plans to raise up to $945 million, with an estimated equity valuation of up to $12.6 billion.

The money raised will come to Hindalco. Currently, Kumar Mangalam Birla-owned Hindalco owns 100 per cent of Novelis through AV Minerals. Post-IPO, Hindalco will own around 92 per cent stake.

ANALYSTS' VIEW

According to domestic brokerage Prabhudas Lilladher, at the higher end of IPO price and $4.8-billion debt, Novelis' enterprise value (EV) works out at $17.4 billion. "This is 9 per cent higher than the valuation we are subscribing ($16 billion) in our SOTP for Hindalco," it said, adding that at the lower end, EV works out at $15.6 billion. "Considering the buoyancy in the US equity markets and expectation of



strong prospects, we expect Novelis to receive higher end of valuation and maintain our positive stance on Hindalco," the brokerage added.

According to global brokerage CLSA, Price Band Implies Novelis' market capitalisation of $10.8-12.6 billion and proceeds of $810-945 million for Hindalco. This data Indicates a valuation of 7.7x-8.6x for Novelis. "We value Novelis at 6.5x FY26 EV/EBITDA in Hindalco's SOTP," CLSA said with a Buy rating and a price target of ₹770.

In a recent note, ICICI Securities said post deleveraging, the company has been targeting growth in both aluminium and copper divisions. While in the short term, the focus is on downstream projects, upstream expansion in both the divisions is being considered, contingent on RTC-RE power and coal availability. "Taking cognisance of sustained high performance of copper division, we raise our FY25/26E EBITDA by 1-2 per cent%. However, net debt is much lower compared to our estimates. Hence, revised TP works out to ₹830 (₹770 earlier)," the domestic broking firm said.

BUSINESS LINE DATE:30/5/2024 P.NO2

India Cements maps ₹700-cr capex in two years

G Balachandar
Chennai

India Cements proposes a capex of about ₹700 crore over the next two years, with about ₹500 crore dedicated to enhancing operational efficiency in its manufacturing operations. The remaining budget will be for normal capex of ₹100 crore per annum.

The company is undertaking multiple initiatives as part of the capex programme. It is establishing a new 8 MW waste heat recovery system (WHRS) at its Chilamkuru plant in Kadapa district in Andhra Pradesh. "While WHRS will help reduce the power cost, the tweaking that is being done at the plant will increase the output too," N Srinivasan, Vice Chairman and Managing Director of the company, said, during the company's Q4FY24 earnings call.

VRM INSTALLATION

Other initiatives include cooler upgrades in some of the factories and a crusher in the Sankarnagar unit at Tirunelveli in Tamil Nadu. Also, the Dalavoi unit at Ariyalur in Tamil Nadu and the Banswara facility in Rajasthan will have new coolers and burners. The company is also installing a vertical roller mill (VRM) in its Sankari factory. The installation of VRM will lower fly ash costs and allow the use of cheaper wet fly ash. The factory carries the potential to become a million-tonne plant soon. The ₹500 crore odd modernsiation-cum-expansion programme, which may be completed in a couple of years, is expected to provide savings to the tune of ₹150-175 per tonne. Meanwhile, the company has already achieved savings to the tune of ₹184 per tonne in three factories after the implementation of the suggestions made by global consulting firm Boston Consulting Group, which the company roped in last year to recommend measures to improve efficiency in their operations.


N Srinivasan, MD and Vice-Chairman, India Cements

THE HINDU DATE:30/5/2024 P.NO11

Tata Steel Q4 net slides 64% to ₹611 cr.

The Hindu Bureau
MUMBAI

Tata Steel Ltd. reported fourth-quarter consolidated net profit slid 64% to ₹611.48 crore year-on-year on losses suffered by the European business.

Total revenue from operations dipped 6.7% to ₹58,687 crore. For FY24, consolidated net loss stood at ₹4,437.44 crore compared with net profit of ₹8,760.4 crore in the previous year. Total revenue from operations slipped 5.8% to ₹2,29,171 crore.

The company's India business generated fourth-quarter net profit of ₹3,856 crore, almost flat compared with the year-earlier period. Annual net profit was down to ₹3,847 crore from a profit of ₹13,749 crore in the previous year.

Annual revenue of U.K. business was £2,706 million and EBITDA loss £364 million. The board recommended a dividend of ₹3.60 per equity share.

ECONOMICS TIMES DATE:31/5/2024 P.NO6

Tata Steel's UK Ops to Turn Around in H2 of FY25: CEO

ET Q&A

Tata Steel's operations in the UK, which have been in the red for at least six quarters now, are set to turn positive at an operating level in the second half of FY25 (April-March), chief executive officer **TV Narendran** tells **Nikita Periwal** in an interview. The UK operations had made an operating loss of over ₹3,800 crore in the last financial year. Even as UK operations will turn positive at an operating level in third and fourth quarters, the company expects to make losses in the full year, albeit lesser than last year, he said. Edited excerpts:

Do you see a structural issue with demand in Europe given that it has been weak?
Europe is the only geography in the world where steel consumption is still less than what it was in 2008, at around 80% of that level. While I don't expect a very significant recovery in demand, I expect it to stop shrinking.

European market will have a restructuring on the supply side.... Some players who were seemingly first off the block are already struggling. I believe we will be one of the survivors in a more balanced market

The European market will have a restructuring on the supply side because of higher carbon border taxes. Some players who were seemingly first off the block are already struggling. So I do believe we will be one of the survivors in a more balanced market. UK having the natural advantage of having its own scrap also puts us in a competitive position, while Netherlands is a port-based facility. In a post-transitioned Europe, these 2 sites can be financially sustainable and green.

What is the progress on discussions in Netherlands?
We expect to have some sort of an agreement in three to six months. The magnitude of support is expected to be more than that in UK, because the magnitude of the transition is bigger. In UK, we were transitioning 3 million tonnes, while in Netherlands it will be 7 million tonnes over 10 years. The philosophy in Europe is 40-60% capital expenditure and some operating expenditure. So that's our ask and expectation. We don't have the kind of urgency in Netherlands that we had in UK, because it was never a bleeding business. But at the same time, we want to transition fast because the carbon taxes will start kicking in by the end of the decade.

THE HITAVADA DATE:31/4/2024 P.NO4

Mines explode after forest fire along LoC in Poonch

JAMMU, May 30 (PTI)

SEVERAL mines exploded due to a forest fire along the Line of Control (LoC) in Poonch district on Thursday and blaze also erupted in the forest areas of Samba and Jammu districts, causing significant damage, officials said.

In Samba, the fire started in the Purmandal area and soon spread to nearby villages threatening several residential houses, they said.

The villagers alerted the administration, prompting them to send fire tenders to the area and the blaze was doused after effort of several hours, the officials said.

The locals alleged that some miscreants are triggering fire due to some vested interests and destroying forest land. They urged the administration to take stern action against those involved in the forest fire.

According to the officials, several mines exploded due to forest fire along the Line of Control (LoC) in the forward area of Mankote in Mendhar sub-sector in Poonch district.

The blaze started from across the LoC and spread to this side, they said.

ECONOMICS TIMES DATE:31/5/2024 P.NO13

Pricey Ore, Tepid Local Demand, Chinese Imports Drag Steel Cos' Margins

Seek protection in form of higher import duties

Ishaan Gera & Twesh Mishra

New Delhi: India's primary steel makers have a triple challenge in hand —escalating iron ore prices, depressed local finished product prices and the looming threat of rise in cheap Chinese imports, that could dent their margins.

Local manufacturers have approached the government seeking protection in form of higher import duties.

India currently levies a uniform Basic Customs Duty of 7.5% on Semis, Flat and Long products of non-alloy, alloy and stainless steels.

"Imports from China and Japan have already gone up last year. Given this kind of situation, India is already under grave threat of import because all major steel consuming economies are shutting their doors on these steel producing countries. We are sure Government will be sensitive to this," said Alok Sahay, Secretary General at the Indian Steel Association told ET.

According to Sahay, the Indian Steel Industry is highly vulnerable to surging and predatory import.

This is the third time in the past decade that local producers are confronting such a situation. "Government has in the past imposed duties against Chinese steel products, including those being routed from countries like Vietnam," a top official of a steel company told **ET**, adding that the primary steel makers had flagged their concerns to the Centre.

International prices and domestic demand lift iron ore prices	Steel products remain in deflation owing to oversupply and international market

OVERSUPPLY SITUATION TO CONTINUE IN STEEL

Mild Steel-Flat products include Hot Rolled Coil, Cold Rolled Coil and steel cables Source: Ministry of Commerce, RBI

THE UNHOLY TRINITY

Iron ore prices have risen 53.6% over a period of 12 months, while benchmark Hot Rolled Coil (HRC) prices remain 4.9% below a year ago levels at ₹54,000 per tonne.

The oversupply of steel globally could further accentuate the problem for domestic steel makers.

According to official data, India imported steel worth $1.86 billion in April 2024. Of these, products worth $994 million were domestically available. This indicates a preference for imported products due to the lower prices. "This year, the global steel industry is expected to be in an oversupply, which could result in range-bound prices," Rohit Sadaka, director, at India Ratings & Research said.

Iron ore prices in the country are moving on global cues and a record production in FY24 has not been able to cool them. Iron ore output in FY24 stood at 277 million metric ton (MMT), topping the earlier high of 258 MMT achieved in FY 2022-23. Earlier this week, state-owned National Mineral Development Corporation (NMDC) raised lump ore prices by ₹250 to ₹6,450 per tonne and fines by ₹350 to ₹5,610 per tonne. Private miners will soon follow suit.

Prices have moved northwards in line with prices in China, a major buyer of Indian iron ore, that has seen a jump of 14% since April 2024. In India, NMDC has hiked rates by 10% during this period reflecting the global price rally.

According to Sehul Bhatt, Director-Research at CRISIL Market Intelligence and Analytics, recent policy support from the Chinese government to stimulate growth in their real estate sector has triggered a global iron ore price rally with product demand zooming.

India's iron ore exports increased 119% to 46 MMT in FY24 due to better realisations in the global market. "That led to a 1.4% decline in overall material availability in the domestic market. Meanwhile, demand from iron making, which includes blast furnaces and direct reduced iron (DRI) production, increased 12%, supporting iron ore prices," he said.

BUSINESS LINE
DATE:31/5/2024 P.NO13

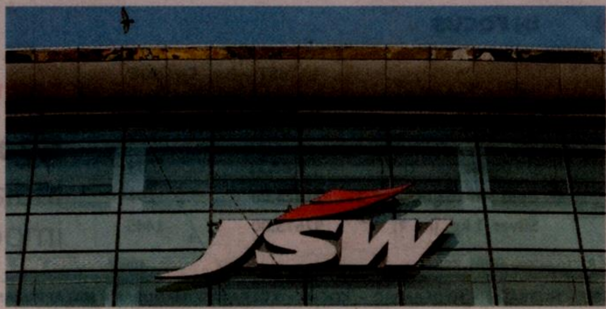
Ministry calls for measures to reform mineral sector

New Delhi: Mines Secretary VL Kantha Rao has pressed for collective initiatives between the Centre and State governments to reform the minor mineral sector. Addressing a workshop on granite and marble mining in Bengaluru, the secretary emphasised the various initiatives and reforms undertaken by the Centre in the mining sector. PTI

BUSINESS LINE DATE:31/5/2024 P.NO2

JSW Steel invests ₹500 crore in speciality steel product

Suresh P. Iyengar
Mumbai



LARGER PIE. The company targets to capture 50 per cent of market share in roof-mounted solar projects in the first year of operations 31 May

JSW Steel has made an investment of ₹500 crore to set up nine lakh tonne production of highly corrosion resistant speciality steel -- JSW Magsure -- produced from its factory at Vasind and Vijayanagar in Maharashtra and Karnataka, respectively.

The company said it targets to capture 50 per cent market share of steel supplied roof-mounted solar projects in the first year of operations, while primarily targeting the solar projects being executed in India.

The company already has 70 per cent market share of steel supplied to ground-mounted solar projects.

The demand for JSW Magsure is huge given its usage across sectors that are prone to corrosion including green energy, infrastructure, white goods and grain silos, said Ashwani K Sharma, Executive VP, JSW Steel coated business.

The company has already made initial supplies to Adani Green Energy and initiated talks with Reliance Industries, Green Tech Solar, Amplify Solar, NTPC and Sterling Wilson, among other leading fabricators. The company has supplied 5,000 tonnes to Adani Green Energy and negotiating to supply similar quantity in next three months, sources said.

PRODUCT USES

It's also discussing with government agencies the use of the product for establishing warehouses and silos. JSW Steel looking at ₹4,000-5,000 a tonne higher realisation at ₹79,000 over the imported price of $800 a tonne and it works out to landed cost of ₹74,000 a tonne including an import duty of 8 per cent.

The speciality steel is now imported largely from Korea and small quantities from Japan and China. Moreover, shipments to India takes about three months without any customisation while JSW Steel can deliver it in three weeks with customisation, he said. JSW Steel plans to source the raw material zinc-magnesium-aluminium from domestic market even while keeping the option of import in case of price variation.

The quantum of mixing the alloy for coating is a patent technology and JSW Steel has spent three years in R&D to get the patented technology.

JSW Magsure has a huge entry barriers for other players. Posco has it own technology, but does not have production facility in India while ArcelorMittal, which has both the technology and presence in India, may consider it in the long-run. JSW Steel has received validation for export for Magsure to Europe and has already made a shipment of 100 tonnes. It is waiting for approval to sell in West Asia.

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