KHANIJ SAMACHAR

Vol. 8, No-11

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KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 8, NO –11 , 1st–15th JUNE 2024

ECONOMICS TIMES
DATE:1/6/2024 P.NO5

JSW Steel Comes Out with a New Product for Green Energy Space

Nikita.Periwal
@timesgroup.com

Mumbai: JSW Steel is looking at substituting the country's imports of a coated steel product that finds application in highly corrosive environments in the renewable energy space.

The country's largest steelmaker has started producing 'JSW Magsure', a zinc-magnesium-aluminium alloy coated steel product that had a demand of around 100,000 tonne in India in 2023-24.

"Demand for this product is expected to go up to 250,000 tonnes this year, driven by renewable energy, and we are targeting a production of 145,000 tonnes," Ashwani Sharma, executive president for JSW Steel Coated Business, told ET.

The company is looking at supplying 120,000 tonnes of JSW Magsure in the domestic market and export the remaining 25,000 tonnes. It has already supplied 5,000 tonnes of this product to Adani Green Energy this year, and is negotiating for supplies of another 5,000 tonnes over the next three months.

The company is also in discussions with Reliance Industries and NTPC, Kumar said.

While another of its products, JSW Galvalume, also caters to the demand for corrosion-resistant steel, Magsure is expected to offer an even higher resistance to corrosion.

The company is manufacturing this special steel product at its facilities in Vijayanagar and Vasind, and has spent ₹500 crore on capital expenditure. It will have the capacity to produce up to 900,000 tonnes of this product each year.

ECONOMICS TIMES DATE:1/6/2024 P.NO8

Gold Reserves Abroad Act as Hedge Against Fall in $ Assets

ET EXPLAINER

John Maynard Keynes may have declared gold the 'barbaric relic' nearly a century ago. But central banks are accumulating the yellow metal amid pervasive inflation. **Gayatri Nayak** looks at the Reserve Bank of India's (RBI) tryst with the metal.

HOW MUCH GOLD DOES THE RESERVE BANK HOLD OVERSEAS?

As on end March, the RBI held 822.10 metric tonnes of gold, of which 408.31 metric tonnes were held domestically. While 387.26 metric tonnes of gold were kept in safe custody with the Bank of England and the Bank for International Settlements (BIS), 26.53 metric tonnes were held in the form of gold deposits.

WHY DOES THE CENTRAL BANK PARK A BIG CHUNK OF THE GOLD ABROAD?

It all began in 1990-91 when the country had foreign exchange crisis. When India was on the verge of running out of funds to pay for imports it decided to pledge.

WHAT DID INDIA DO?

In May 1991 it shipped gold to the Bank of England. It had shipped 46.91 tonnes of gold to raise a $405 million loan which also included some pledge with the Bank of Japan. Over the years, India repaid the loans, but still chose to keep the gold in the Bank of England

vault more for logistics reasons. Besides, gold held in the form of certificates could be used for trading, like entering into swaps and earning a small return.

WHY IS THE OVERSEAS STOCK OF GOLD RISING?

London is the biggest gold market and the standards are said to be the best. The central bank can't buy from the domestic market, but does procure the metal that qualifies so. Moreover, the RBI has also started accumulating gold from the market which is known as 'London good delivery (LGD)' bars which roughly weigh 12.5 kilograms.

WHAT ARE LGD BARS?

These are the ones that trade in huge quantities valued at billions of dollars.

ARE THERE RISKS IN IT?

In times of geopolitical tensions there is uncertainty over the safety of one's international assets. The recent freezing of the Russian assets by the West post its invasion of Ukraine has rattled many countries about the safety of their assets in foreign nations.

WHAT IS INDIA DOING?

India moved nearly 100 tonnes of gold into India from England last year. The recent move is being seen as a precautionary move.

IS THE RBI WORRIED?

Not at this point of time. There is no indication that the central bank is making a decision based on what happened to Russia. The RBI still has nearly half its gold reserves overseas signalling that there is no worry about it being there.

WHY DOES THE CENTRAL BANK BUY GOLD?

One of the major reasons for holding gold reserves is the decline in confidence in dollar assets among central banks.

BUSINESS LINE DATE:1/6/2024 P.NO7

Moving gold back home from UK reflects RBI's growing confidence

MANY BENEFITS. Besides flexibility in managing reserves, central bank will also save on vaulting, insurance cost

Suresh P Iyengar
Mumbai

The RBI's decision to bring back 100 tonnes of gold reserves from the UK to India reflects the confidence of the central bank in managing the reserves dynamically amid the growing global economic uncertainty.

Gold purchased by the RBI in the UK is usually stored in the Bank of England vault and also used as hedge for clearing global transactions. The RBI has been on a gold-buying spree; it added 25 tonnes of gold since the start of the year, taking the overall holding to a new peak of 822 tonnes as of April-end.

The central bank's net gold acquisitions this year has already exceeded last year's purchase of 16 tonnes. On an average, the RBI has been purchasing about 6 tonnes of gold a month this year.

ROBUST RESERVES. RBI has been on a gold-buying spree and has added 25 tonnes of gold since the start of the year

SAVING COSTS

As of early May, gold comprises 8.5 per cent of the total reserves, up from 7.7 per cent at the close of 2023. Ajay Kedia, Director, Kedia Commodities, said, with the UK just coming out of economic recession and going to elections next month, there are a lot of uncertainties brewing, which would have led to RBI bring the gold back to India.

The RBI, which has been an active buyer of gold amid rising prices, will also save on vaulting and insurance costs by storing its precious reserve in India, he added.

Of the overall gold holding of 822 tonnes, the RBI holds about 414 tonnes abroad due to convenience of storing it in the country where it buys. The central bank also saves on the logistics cost and other incidental expenses by vaulting it offshore. Paving the way for smooth transportation of gold reserves to India, the government has waived off the import duty of 15 per cent and 5 per cent agriculture infrastructure development cess on gold imported by the RBI.

Given the rise in gold reserves, sources said that the RBI may move another 100 tonnes of gold back to India in coming days.

Incidentally, the RBI has joined the other central banks in moving the gold reserves to homeland, particularly after Russia's reserves stored in other countries were frozen following the US economic sanctions.

The Russian attack on Ukraine has led to the US imposing economic sanctions on the former though it was not implemented in toto.

Since late last year, all the major central banks are moving their gold reserves back home, given the volatile global developments, including the unrest in West Asia and the conflict between Iran and Iraq.

BUSINESS LINE DATE:1/6/2024 P.NO10

Gold prices may rule firm if central banks continue to buy: WGC

V Sajeev Kumar
Kochi

Gold prices are unlikely to see a correction in the short term, thanks to the purchases made by central banks of different countries and the present geopolitical uncertainties, Sachin Jain, Regional CEO, India, World Gold Council (WGC) has said.

He attributed one of the reasons for prices to surge to the 290 tonnes of gold bought by India, China, Turkey in the first quarter of the calendar year. "When a central bank buys gold, it is not based on demand and supply but for making their country stronger at whatever price. If a country decides that their reserves have to go up, they will buy at whatever price", he told *businessline*.

RBI, in the first quarter, bought 19 tonnes of gold, and they continued to buy in April against 16 tonnes during the entire 2023. "If this trend continues, we believe that the outlook for gold remains strong", he said.

Moreover, the recent report of moving 100 tonnes of gold to India by RBI from London reflects how strong India is and wanting to have its assets close, he said. Asked whether the prices should go up from the current levels, Jain said "I think if something very stupid happens in the world, the prices of gold might go crazy".

Q1 DEMAND UP 7%

Jain, who was in Kochi as part of a reception organised by the All Kerala Gold and Silver Merchants Association, said traditionally, consumers tend to wait and watch whenever the prices of gold go up. It was only in February that the price was slightly stable, thereby wooing consumers. From a jewellery consumption point, he said the sector witnessed about a 7 per cent rise in terms of volume and about almost 13 per cent increase in terms of value in the first quarter. India's total gold demand in Q1 was 136.7 tonnes, up by 8 per cent against 126.3 tonnes in Q1 2023.

As the price rallied to successive record highs, investors remained bullish, contributing to the robust demand. Investments into gold ETF's too saw positive inflows of over 2 tonnes, he said.

GLITTERING. India's total gold demand in Q1 was 136.7 tonnes, up by 8% against 126.3 tonnes in Q1 2023 PTI

BUSINESS LINE DATE:2/6/2024 P.NO5

Gaining sheen on bright prospects

METALS. Novelis's IPO announcement and expansion plans leave room for investor returns from Hindalco

Sai Prabhakar Yadavalli
bl. research bureau

Hindalco's current valuation does leave investors with value on table, despite the stock being valued at a premium at 8.3 times EV/EBITDA. Novelis, the wholly-owned US subsidiary of Hindalco, is in the midst of a $4.9-billion expansion plan and followed it up with an IPO announcement in US markets. We recommend that investors accumulate the stock on dips as the expansion progresses and global macro-economic factors improve.

NOVELIS: CAPITAL OUTLAY AND IPO

Novelis is the world's largest aluminium producer based in the US that Hindalco acquired for $6 billion in 2007. The backward integrated producer uses 63 per cent recycled content to supply largely to beverage cans and also automobiles and speciality. The segment reported 12 per cent revenue decline in FY24 owing to high inventory at clients and lower realisations (9 per cent lower YoY).

But Novelis reported a 3 per cent EBITDA growth as EBITDA per tonne improved 7 per cent YoY. This, owing to a higher recycling and lower cost of production.

Novelis aims to expand facilities with $4.9 billion worth projects under construction. The central project is a $4.1-billion greenfield fully integrated plant in Bay Minette, US, to add 600 kt capacity (16 per cent addition) by FY27. Additionally, a $365-million automotive recycling centre in the US and $350-million for debottlenecking.

The company management sees scope for growth in US markets. According to US official data, the US imported 5.5 million tonnes of aluminium in 2023, of which Canada accounts for half and China, India and Russia also contributing significantly. In April, the US banned Russian-origin aluminium, which has driven prices of aluminium to $2,500 pertonne from $2,200 per tonne in early 2024. Considering the domestic import substitution, ESG-compliant status of Novelis's new facility and a high recyclable sourcing, the incremental supply should find demand for Novelis.

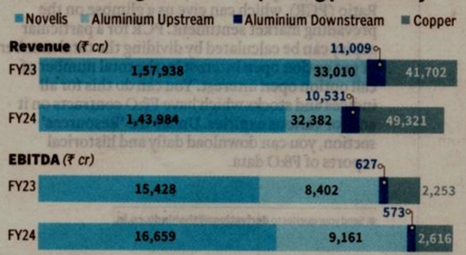
GETTY IMAGES/ISTOCKPHOTO

Sum of parts valuation

All units in ₹ crore

	FY24 EBITDA	EV/EBITDA (x)	Enterprise value
Novelis	15,640	6.0	94,385
Aluminium Upstream	9,161	7.1	65,043
Aluminium Downstream	573	8.5	4,882
Copper	2,616	5.7	14,859
Total enterprise value (1)			1,79,169
Consolidated net debt (2)			31,536
Implied Market capitalisation (1) - (2)			1,47,633
Market cap on BSE			1,54,889
Implied new business value			7,256

Weak revenue growth but improving proftability



Novelis IPO has been announced with a price band of $18-21 in the US, which values this Hindalco subsidiary at an enterprise value of $16.3 billion at the higher end. Hindalco, by divesting 8.6 per cent of shareholding (including possible oversubscription), should gather $9,000 crore from the IPO. At the current IPO price, Novelis's existing business and expansion plans are valued at 8.72 times EV/EBITDA.

INDIA BUSINESS

Hindalco's India business consists of aluminium (upstream and downstream) and copper segments. The aluminium business faced revenue decline of 2.5 per cent YoY in FY24 as realisations declined by 5 per cent but shipments increased by 2.5 per cent YoY. Similar to Novelis, EBITDA increased by 7.8 per cent YoY despite lower revenues owing to lower cost of production. The copper segment, driven by higher shipments (up 12 per cent YoY) and realisations (up 4 per cent YoY), is in the midst of demand revival.

Hindalco capital outlay for India targets a new alumina facility, power linkages and downstream value-added portfolio. In Phase-I, ₹6,000 crore will be invested in a 1,000 kt (50 per cent incremental capacity) in Odisha with agreement with State government for long-term supply of the requisite bauxite. A 150 MW power plant is also planned in the same facility.

Aluminium demand in India is expected to grow at a CAGR of 6-7 per cent in the next decade. Hindalco has a strong balance sheet with consolidated net debt to EBITDA at 1.2 times and India business at net cash position of ₹3,500 crore in March 2024. With IPO fund flows to Hindalco, the balance sheet is set to get even stronger to capture the growing demand. On the energy front, Chakla coal mine and Meenakshi coal mine, which are being developed, will add to the energy security of Hindalco's India business. The company has reiterated that with growing energy security, including renewable energy, Hindalco will target more value-added downstream projects in the long run.

ACCUMULATE ON DIPS

Hindalco
Price ₹689.35

WHY

- Value creation through expansion plans
- Novelis IPO fund flows to Hindalco
- Well positioned to tap growth opportunities

SUM OF THE PARTS

Hindalco (consolidated) is currently valued at ₹1.55 lakh crore. SOTP indicates that value of operating businesses is well captured in the current market capitalisation (see table). So any incremental value creation for Hindalco shareholders lies in potential for value creation from the ongoing $5 billion expansion plans for Novelis and in India business.

In the last decade, and through economic cycles, Hindalco traded at an average 7.1 times EV/EBITDA. Novelis valued at 6 times EV/EBITDA (adjusted for 15 per cent Holdco discount), aluminium downstream at 20 per cent premium for future growth, copper at 20 per cent discount for peak cycle discount and aluminium upstream in line — implies an EV of ₹1.8 lakh crore. Adjusted for net debt of ₹31,500 crore implies a market cap of ₹1.47 lakh crore with the difference being assigned to value of new ventures to the tune of ₹7,200 crore or less than $1 billion.

As the Bay Minnette projects near completion and global macros improve, the incremental value is likely to reflect in the stock price. Considering the scope for volatility related to elections in India and even in the US, and global trade wars, investors can build a margin of safety and accumulate the stock on dips.

Coal stocks at thermal plants continue to be more than 45 MT amid peak power demand

■ **Business Reporter**

COAL stocks at thermal power plants continue to be more than 45 million tonnes (MT), adequate to meet the requirement for 19 days, amid peak power demand due to heat wave conditions.

The country's peak power demand touched an all-time high of 250 GW on Thursday.

Coal stocks at thermal power plants continue to be more than 45 MT, which is 30 per cent higher compared to last year, sources said.

In the current month average daily depletion at thermal power plants has been only 10,000 tonnes per day. This has been made possible by ensuring smooth and adequate logistic arrangements for the supply of coal, sources explained.

The mechanism of sub-Group comprising representatives from ministries of Power, Coal, Railways and power generating companies is playing an effective role in maintaining an efficient supply chain.

The stock at the mine pithead is over 100 MT amounting to sufficient coal to power the sector. The Ministry of Railways has ensured 9 per cent average growth on daily availability of railways rakes.

Evacuation through coastal shipping has also seen significant growth as traditionally coal was being transported via Paradip Port only.

Now under proper coordination as per coal logistics policy, it has resulted in the evacuation of coal through Dhamra and Gangavaran ports also.

The infrastructural augmentation in the railway network has significantly contributed in faster movement of rakes from Son Nagar to Dadri.

Therefore, it has seen more than 100 per cent improvement in turnaround time," sources said. The coal ministry is geared up to ensure adequate availability of coal at thermal power plants during rainy season which is around the corner. It is expected that on July 1, more than 42 MT coal would be kept available at the thermal power plant end..

Coal India accounts for over 80 per cent of domestic supply of coal.

THE HITAVADA(CITYLINE)
DATE:2/6/2024 P.NO4

Production of iron ore, aluminium, limestone rises in April

THE production of iron ore increased 4 per cent to 26 million tonnes (MT) and the output of limestone also went up marginally by 2.1 per cent to 39.3 million tonnes in April.

Iron ore and limestone together account for about 80 per cent of the total mineral production by value.

In the first month of 2024-25, there is a steady increase in the production of these minerals as compared to the production in the corresponding month last year, the mines ministry said in a statement.

Production of iron ore has increased from 25 million tonnes during April 2023 to 26 million tonnes during April 2024, registering a growth of 4 per cent.

Production of limestone has increased from 38.5 MT during April 2023 to 39.3 MT in April 2024.

The production of aluminium during April rose 1 per cent to 3.42 lakh tonnes (LT) over 3.39 LT production during April last fiscal.

"Continued growth in production of iron ore and limestone in the current financial year reflects the robust demand conditions in the user industries viz. Steel and cement. Coupled with growth in aluminium, these growth trends point towards continued strong economic activity in user sectors such as energy, infrastructure, construction, automotive and machinery," the mines ministry said.

NAVBHARAT DATE:3/6/2024 P.NO6

रेत माफियाओं पर कसा शिकंजा

57.50 लाख का माल किया जब्त, 7 के खिलाफ FIR

■ समुद्रपुर (सं). पुलिस विभाग ने पिछले कुछ दिनों से रेत माफियाओं के खिलाफ मोर्चा खोल दिया है. निरंतर कार्रवाई की जारी है. रविवार को तड़के वणी नदी के वाकसुर में पुलिस ने छापामार कार्रवाई की. इसमें जेसीबी व ट्रैक्टर की मदद से हो रही रेत उत्खनन व ढुलाई सामने आयी. पुलिस ने मौके से जेसीबी, वाहन, रेत व मोबाइल सहित 57 लाख 50 हजार रुपयों का माल जब्त किया. पुलिस ने इस प्रकरण में 7 आरोपियों के खिलाफ मामला दर्ज कर आगे की जांच शुरू कर दी है.

वणी नदी के वाकसुर परिसर से अवैध रेत उत्खनन: पुलिस अधीक्षक नुरुल हसन को खुफिया जानकारी मिली कि वणी नदी के वाकसुर परिसर में रेत का उत्खनन हो रहा है. रविवार को तड़के डीवाईएसपी रोशन पंडित की अगुवाई में समुद्रपुर थाने के डीबी दल ने छापामार कार्रवाई की जहां नदी किनारे से कुछ लोग जेसीबी की मदद से ट्रैक्टर में काली रेत भरते दिखाई दिए. बिना किसी अनुमति के रेत का उत्खनन चल रहा था. पुलिस टीम ने दबिश देकर 7 लोगों को हिरासत में लिया. पूछताछ में पता चला कि रेत की अवैध तस्करी हो रही है. पुलिस ने सिंदी रेलवे निवासी संदीप दीनानाथ सोनटक्के (40), चंद्रशेखर प्रकाश कांबली (28), जेसीबी चालक निलेश शंकरलाल भारद्वाज (30), नागपुर जिले के आष्टा निवासी कपिल श्रावण वाघमारे (36), बरबडी निवासी सचिन माणिक पेरकुटे (30), गणेश अंकुश पेरकुटे (23), सिंदी रेलवे निवासी सूरज विष्णु वाघमारे (23) के खिलाफ कार्रवाई की. मौके से 4 ट्रैक्टर व ट्रॉली से रेत बरामद की गई. एक जेसीबी, दो दोपहिया व 5 मोबाइल सहित कुल 57 लाख 50 हजार रुपयों का माल जब्त किया गया. इस कार्रवाई से रेत तस्करों में हड़कम्प मच गया. यह कार्रवाई पुलिस अधीक्षक नुरुल हसन, अपर पुलिस अधीक्षक डॉ. सागर कवडे, उपविभागीय पुलिस अधिकारी रोशन पंडित के निर्देश पर थानेदार एस.बी. शेगावकर की अगुवाई में डीबी दल के प्रमुख प्रमोद थुल, सचिन भारशंकर, राजेश शेंडे, प्रमोद जाधव, समीर कुरेशी, गगांधर भोकरे ने की.

ECONOMICS TIMES DATE:3/6/2024 P.NO11

NMDC's Ore Output Down 37% in May

PTI

New Delhi: Country's largest iron ore miner NMDC has reported a 37 per cent fall in its production at 2.34 million tonnes (MnT) in May 2024.

It had produced 3.71 MnT of iron ore in the same month last year, the company said in an exchange filing on Saturday.

NMDC's monthly sales also declined by 22% to 2.82 MnT in May this year from 3.62 MnT in May 2023.

22%
DECLINE IN MONTHLY SALES

The company's cumulative iron ore output fell to 5.82 MnT in April-May 2024 from 7.22 MnT in the year-ago period.

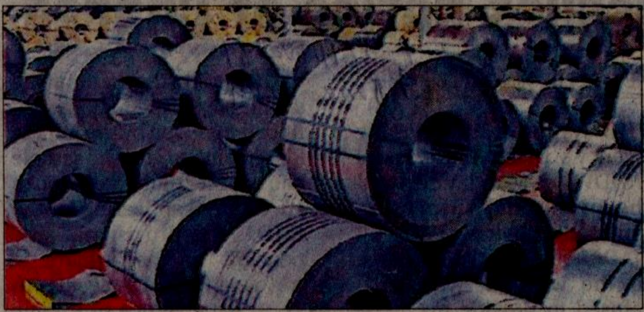
Sales during the said period were at 6.35 MnT, down from 7.05 MnT in April-May 2023.

On Tuesday, NMDC had increased the prices of lump ore by ₹250 a tonne and fines by ₹350 per tonne with immediate effect. The miner revised the cost of lump ore to ₹6,450/tonne and fines to ₹5,610 per tonne.

Under the Ministry of Steel, Hyderabad-based NMDC caters to India's around 20 per cent demand for the key steel-making raw material.

THE HITAVADA DATE:4/6/2024 P.NO9

ICRA revises domestic steel demand growth rate to 10 per cent for FY25



NEW DELHI, June 3 (PTI)

ICRA on Monday revised its outlook growth target for domestic steel demand to 9-10 per cent for the current fiscal on healthy Government spending and demand from steel-consuming sectors.

The domestic steel consumption registered a growth of 11.3 per cent between February to April 2024, the agency said in a report. It further said that government capex spending was also healthy until February 2024, and other steel-consuming sectors like housing and real estate contributed to the resilient demand thereafter.

"Given these leading trends, the rating agency has revised its FY25 steel demand growth target to 9-10 per cent compared to the earlier estimate of 7-8 per cent, leading to the sector's FY2025 earnings being revised upwards," the report said. Girishkumar Kadam, Senior Vice-President & Group Head, Corporate Sector Ratings, ICRA, said for the last three years, the steel industry has witnessed its fastest period of growth since the global financial crisis. He further said that India's finished steel imports increased 38.2 per cent in FY2024 and the country remained a net importer of the commodity.

"India turned into a net steel importer last fiscal after a gap of five years. Given the weak global growth outlook over the next few quarters, we expect domestic steel imports to rise further by 13-14 per cent in FY2025, leading to country being net steel importer in the current fiscal as well," he said.

EMPLOYMENT NEWS DATE:3/6/2024 P.NO10

भारत सरकार

Government of India

खान मंत्रालय

Ministry of Mines

भारतीय खान ब्यूरो

Indian Bureau of Mines

Notice

The advertisement No. EN 32/22 published in Employment News dated 05-11 November, 2022 towards notice for filling up of 02 posts of **Chief Controller of Mines** in **Pay Level-15 (Rs. 182200-224100)** General Central Service, Non-Ministerial, Gazetted, Group 'A' in Indian Bureau of Mines (IBM) by deputation (including short term contract) may be treated as withdrawn.

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

EN 9/12

THE HITAVADA(CITYLINE)
DATE:4/6/2024 P.NO6

MOIL sales registers new high in May

MOIL posted a new peak of 2.15 lakh tonnes monthly sales of manganese ore in May, 2024, surpassing the previous record of 1.83 lakh tonnes in December, 2019, registering an impressive growth of 41 per cent over May'23. Sales during Apr-May'24, has been higher by 31.5 per cent as compared to corresponding period last year (CPLY). Helped by market conditions, CIL has increased prices of various grades by about 65 per cent in current financial year.

On the production front, 3.05 lakh tonnes of manganese ore production was achieved in Apr-May, 2024, registering a growth of 7 per cent over CPLY. MOIL has also continued its focus on exploration activities and carried out exploratory core drilling of 18,609 meters in Apr-May'24, which is higher by 26 per cent y-o-y. Ajit Kumar Saxena, CMD MOIL, congratulated MOIL team on this historic performance.

Aluminium: Stay away from futures for now

Akhil Nallamuthu
bl. research bureau

Aluminium futures on the Multi Commodity Exchange (MCX) has been in a bull trend since February. However, towards the end of April, the rally lost traction.

While there has not been a bearish reversal, aluminium futures has been largely moving sideways. The June aluminium futures is stuck between ₹232 and ₹250.

COMMODITY CALL.

So, technically, the path of the next leg of trend depends on the direction of the break of the ₹232-250 range. A breakout of ₹250 can trigger another leg of rally, which can possibly take aluminium futures to ₹270 or ₹280. But if the support at ₹232 is breached, the short-term trend can turn bearish where

the price can drop to ₹210 and then to ₹200. Nevertheless, at the moment, there is no clarity about the next swing in price.

TRADE STRATEGY

Stay out for now. Initiate fresh trade along the direction of the break of the ₹232-250 range. That said, traders with high risk-appetite can go long on aluminium futures when the price softens to ₹235. Target and stop-loss can be ₹250 and ₹228, respectively.

BUSINESS LINE
DATE:4/6/2024 P.NO7

Coal output rises 10.15% y-o-y in May

Our Bureau
New Delhi

The country's coal production rose by 10.15 per cent y-o-y to 83.91 million tonnes (mt) on a provisional basis in May.

During this period, Coal India (CIL) achieved a coal production of 64.40 mt (provisional), marking a growth of 7.46 per cent y-o-y, Coal Ministry said.

Additionally, coal production by captive and other entities in May stood at 13.78 mt (Provisional), reflecting a growth of 32.76 per cent from the previous year, which was 10.38 mt.

India's overall coal dispatches for May reached 90.84 mt (provisional), up by 10.35 per cent y-o-y.

During May 2024, CIL dispatched 69.08 mt (provisional) of coal, with a growth of 8.50 per cent y-o-y.

Besides, coal dispatch by captive and other entities in May was recorded at 16 mt (provisional), reflecting a growth of 29.33 per cent from the previous year, which was 12.37 mt.

Total coal stock with coal companies stands at 96.48 mt. The coal stock lying with CIL is 83.01 mt, while captive and other companies hold 8.28 mt.

ECONOMICS TIMES DATE:6/6/2024 P.NO7

ALUMINIUM CO CITES 'MARKET CONDITIONS' FOR POSTPONING IPO; TO EVALUATE OFFER TIMING 'IN THE FUTURE'

Hindalco Defers Novelis' $945m US Listing

Our Bureau

Mumbai: Hindalco Industries, the metals flagship of the Aditya Birla Group, has postponed the proposed $945-million listing of Novelis Inc on concerns that potentially below-premium valuations for the US subsidiary of the aluminium maker could weigh on the valuation of the consolidated Indian entity listed in Mumbai, said experts.

Novelis, on Wednesday, cited "market conditions" as the reason for postponing its initial public offering. "Novelis will continue to evaluate the timing of the offering in the future," it said in a statement.

Novelis was acquired by Hindalco just before the global financial crisis to expand beyond its home bailiwick in a blockbuster M&A deal that sought to bolster its global business in metal cans and automotive components.

"The valuation range it was estimating for the IPO was decent, at 7.5-8.2x FY26 EBITDA, at a significant premium to peers," Satyadeep Jain, research analyst at Ambit Capital, told ET. "However, it would seem to us that during roadshows, investors may not have been comfortable with the multiple it was seeking. There was likely no point going ahead and risking Hindalco valuation, hence the decision to postpone," he said.

STRETCHED VALUATIONS?

Novelis, last week, announced that it is looking at a price band of $18 - $21 per share for its public offering. This implied a market value of $12.6 billion for the company at the upper end, and a valuation of over 8 times on an enterprise value to EBITDA basis.

Among the comparable peers for Novelis include Japan-based UACJ Corp, which is valued around 6.5 times its FY26 EBITDA and France-based Constellium, which is valued at less than 6 times its EV/EBITDA, Jain said.

Kaiser Aluminium, also a peer, is valued at more than 8 times its EV/EBITDA, he said.

"We believe Novelis was likely testing waters with respect to price discovery of Novelis. In our view, there is already an inbuilt holding company discount for Novelis in current Hindalco valuation given tax leakage," Jain said. "However, IPO could have meant even higher discount - Novelis needed a premium valuation in order to offset higher holding company discount," he said.

As its sole shareholder, Hindalco was looking at raising up to $1.09 billion from the share sale of Novelis. The company was looking to offload up to 8.6% stake in Novelis, including a green shoe option.

PEERS CHEAPER

"The price band indicated for Novelis offered little reason to cheer. At the higher end of the price band at $21 per share, the company was looking at a valuation of around 8.3 times its EV/EBITDA, which is high relative to its global peers," Ritesh Shah of Investec Capital said. Even assuming that the company got the upper end of the valuation, with a 20% holding company discount and the value of cash, the price for shares of Hindalco would have decreased to Rs 715 from Rs 750 earlier, he said.

Novelis, which is the world's largest recycler of aluminium sheets, has a major presence in beverage packaging, automobiles and aerospace. It was acquired by Hindalco in 2007 for $6 billion, one of the largest purchases in the industry at the time.

The company had filed a registration statement on Form F-1 with the US regulator, Securities and Exchange Commission in May, nearly three months after it first submitted a draft registration statement for its proposed listing in the US.

BUSINESS LINE DATE:7/6/2024 P.NO8

Gold prices may hit another record high in 2024: Metals Focus

Reuters
London

Gold prices are expected to hit another record high this year despite a dip in physical demand, consultancy Metals Focus said, as interest rate cuts arrive against a backdrop of US-China tensions and conflict in Ukraine and the Middle East.

Demand for gold will likely slip 2 per cent to 4,639 tonnes this year, with lower jewellery fabrication, declining net physical investment and reduced central bank appetite, Metals Focus said in its annual report on Thursday.

Safe-haven demand driven by geopolitical and economic uncertainty as well as persistent central bank buying contributed to a rally in gold from March to May, taking spot prices to a record $2,449.89 per ounce on May 20. "Although there are downside risks in the near term, we are confident that prices will see a new record before the end of the year and average $2,250 for the full year, marking another annual average record," Metals Focus said.

Sentiment towards gold is supported by fears over US government debt, the anticipated arrival of rate cuts, elevated geopolitical tensions and economic uncertainties, it said. From the point of view of fundamentals, demand from central banks remains significantly higher than pre-2022 when they sped up purchases to diversify foreign currency reserves, providing further support to the price.

Meanwhile gold supply, according to the consultancy, will likely rise by 3 per cent to 5,083 tonnes this year, with mine production and recycling both higher.

BUSINESS LINE DATE:7/6/2024 P.NO14

Gold Hovers Near 2-week High; US Jobs Data in Focus

Reuters

Gold prices edged higher to hover near a two-week high on Thursday, as weaker-than-expected US jobs data fanned hopes of a Federal Reserve interest rate cut later this year with focus shifting to non-farm payrolls data due on Friday.

Spot gold was up 0.4% at $2,363.58 per ounce as of 1441 GMT, after hitting a two-week high earlier in the session. US gold futures rose 0.3% to $2,383.50.

Data on Wednesday showed US private payrolls increased less than expected in May while data for the prior month was revised lower.

"Yesterday's weaker ADP jobs number gave the bulls a little bit of confidence that maybe tomorrow's (payroll) report won't be stronger than expected, and that's going to be friendly for the gold and silver markets," said Jim Wyckoff, senior analyst at Kitco Metals.

Lower interest rates reduce the opportunity cost of holding non-yielding bullion. "If we were to see a much stronger-than-expected jobs report, the expectation would be then that the Fed may not be able to lower rates sooner than later" which could add some light pressure to the gold market, said David Meger, director of alternative investments and trading at High Ridge Futures.

The Fed will likely cut its key interest rate in September and once more this year, according to a majority of forecasters in a Reuters poll.

Gold prices are expected to hit another record high this year, despite a dip in physical demand, consultancy Metals Focus said.

Meanwhile, global stocks hit an all-time high and the euro rose after the European Central Bank cut interest rates for the first time in nearly five years, but also signalled that further moves could take a while.

Among other precious metals, spot silver rose 1.7% to $30.53 per ounce, platinum was up 0.7% at $998.95 and palladium rose 0.4% to $935.50.

BUSINESS LINE DATE:9/6/2024 P.NO12

Tata Steel earmarks ₹16,000-crore capex for FY25

Abhishek Law
New Delhi

Tata Steel has earmarked a capex of ₹16,000 crore in FY25, of which nearly 75 per cent will be spent towards ramping up of capacities in the country, particularly completion of projects at Kalinganagar in Odisha. The remaining would be spent towards the UK de-carbonisation programme.

The company's top brass remains confident of a 8–10 per cent growth in steel demand in India which has fuelled its capex push. "Overall, the demand is expected to grow at 8–10 per cent a year. So that's why we are bullish about growing in India," TV Narendran, Managing Director and CEO, Tata Steel, said during a recent earnings call.

Doubling of capacity to 40 million tonne per annum, spread over the next few years, has already been set in motion, he said.

Under the existing plans, capacity at Kalinganagar will be moving up to 8 mtpa, from the existing 3 mtpa in the first phase. The capacity can then be expanded to 13 mtpa. The company has enough land to expand capacities to 16 mtpa at Kalinganagar.

NINL EXPANSION

The second point of focus will be expansion of Neelachal Ispat Nigam Ltd (NINL), which is already running at full capacity. Capacities there would be ramped up to 4.5-5 mtpa in the first phase and then expanded to 10 mtpa, "and beyond that" if required.

A new electric arc furnace (EAF) plant — which uses scrap for production of steel — of 2 mtpa capacity will also be coming up in Chandigarh. In Meramandalli (Odisha), capacity would be expanded to 7 mtpa from the current 5 mtpa with plans to take it up to 10 mtpa.

"Land acquisitions have already been done for 40 mtpa capacity and some more are underway. We have started work on Kalinganagar, Meramandali.... But these days, there is a lot of requirement of green cover in all our sites.... In fact, expansion of more than 40 mtpa is plausible..... beyond this we have another 10 million, which we can add in our existing sites," he said. For Tata Steel, the EBITDA margins for the India business was higher by 22 per cent; but this was offset by operating losses in the UK and other operational issues in the Netherlands.

At Tata Steel UK, one blast furnace at Port Talbot will be closed by June-end while the second blast furnace will be closed by September. The coke-oven was closed in March. The company will, however, continue to operate the hot strip mill during the transition period. The entity is expected to become EBITDA-positive from Q3FY25 onwards.

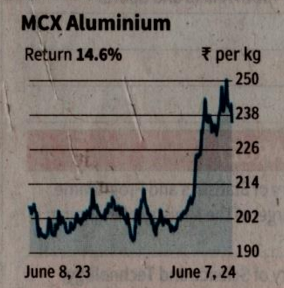
Tata Steel's Indian business has proposed an infusion of £2.1 billion of equity in the UK business. The proposed fund infusion will be used to repay the existing external debt at offshore entities and to support the restructuring costs at Tata Steel UK Ltd. In the Netherlands (IJmuiden), the business is expected to be EBITDA-positive in Q1 FY25.

BUSINESS LINE DATE:11/6/2024 P.NO9

Avoid taking fresh positions in aluminium

Akhil Nallamuthu
bl. research bureau

Aluminium futures on the MCX has been declining for nearly two weeks. The June futures, which fell after facing a resistance at ₹250, has now slipped below the 50-day moving average support. This gives the contract a bearish bias.



COMMODITY CALL.

However, currently hovering around ₹235, the copper futures has a support at ₹232. So, there is a chance for a recovery. That said, for the bulls to gather good momentum, the contract ought to get past the resistance at ₹250.

The above factors indicate that copper futures has been stuck within two key levels at ₹232 and ₹250. The path of the next leg of trend depends on which of these two levels is breached first.

If the downswing extends below ₹232, we can possibly see the sell-off intensifying, dragging the contract to ₹210 or even to ₹200. On the other hand, if copper futures break out of ₹250, it can establish another leg of uptrend, possibly rising to ₹270-280 price band.

Given the prevailing conditions, we suggest traders to avoid taking fresh positions now. Initiate fresh trade along the direction of the break of the ₹232-250 range. Traders with high risk-appetite can go long on aluminium futures now since it is trading near the support at ₹235. Target and stop-loss can be ₹250 and ₹228, respectively.

BUSINESS LINE DATE:12/6/2024 P.NO8

Gold prices likely to decline further

LOSING GLITTER. The yellow metal is set to go south after ceding 5% from the peak of $2,450/oz

Subramani Ra Mancombu
Chennai

After declining about 5 per cent since soaring to a new high of $2,450 a troy ounce (oz) last month, gold prices will likely come under pressure this quarter. China pausing its gold purchases, the US labour market looking strong and indications of global interest rates remaining high will drag the yellow metal, say analysts.

"We expect gold prices to come down slightly from their current levels this quarter as the Fed continues its cautious approach, and with geopolitics already being factored into the current price," said Ewa Manthey, Commodities strategist, ING Think.

PRICE FORECAST

ING Think, the financial and economic analysis wing of Dutch multinational financial services firm ING, said it sees prices averaging $2,300/oz in the second quarter and an annual average of $2,255 in 2024.

"We see prices peaking in the fourth quarter, averaging $2,350/oz on the assumption that the Fed starts cutting rates in the second half of the year and the dollar and yields weaken," said Manthey.

Zurich-based private banking corporation Julius Baer's research team said while chasing gold has been one of the favourite pastimes of global investors year to date, "from a pure price perspective, we still see more downside than upside in the medium to longer-term".

Saish Sandeep Sawant Dessai, analyst, Angel One, said gold prices dropped nearly 3 per cent last week, marking their third consecutive weekly decline. The fall was triggered by a stronger-than-expected US jobs report, which dampened hopes for interest rate cuts this year.

QUITE OPERATION

On Tuesday, gold was quoted lower at $2,305.90/oz. In India, the yellow metal on the Multi Commodity Exchange (MCX) dropped by ₹160 to ₹71,275 per 10 gm. In Mumbai, the spot price for 24-carat gold (.999 fineness) was ₹7,119 a gm and 22-carat jewellery gold was ₹6,521.

The precious metal's decline was driven by China halting bullion purchases in May, according to the *FXEmpire.com* website. "A stronger-than-expected US labour market, suggesting US interest rates may remain high longer-than-anticipated. These factors raise questions about gold's value without China's support," it said.

Gold's recent rally, lasting for months, was attributed to aggressive central bank buying, mainly China. The stalling of the yellow metal's surge has led to speculation that central banks are still buying, stopping or booking profits.

"Unlike high-profile investors who publicly discuss their trades, central banks operate quietly, leaving markets guessing their next moves. This uncertainty has turned long-term bullish investors into short-term traders, increasing market volatility," said FXEmpire.

STRONG US DATA

Jateen Trivedi, V-P Research Analyst-Commodity and Currency, LKP Securities, said the possibility of sustained higher interest rates is weighing on gold.

"Strong non-farm payroll data boosted the dollar index to 105, further pressuring gold prices. Additionally, profit booking and concerns over China potentially halting gold purchases are contributing to the current weakness in gold," he said.

Angel One's Dessai gold prices will likely to continue their decline. Julis Baer's research team said from a portfolio perspective, gold remains a hedge against economic and systemic risks in financial markets, such as a further weaponisation of the US dollar.

Source: AXI.com

BUSINESS LINE DATE:12/6/2024 P.NO2

Tata Steel urges UK government to safeguard investment in Port Talbot amid policy concerns

Our Bureau
Mumbai

Tata Steel expressed concern over UK media reports that suggest the £1.25-billion investment will be put in peril due to policy differences between the Conservative and Labour parties during the ongoing election period.

Tata Steel said in a statement on Tuesday that the company has urged the current and incoming government post-elections to adhere to and safeguard the agreed terms of the £500-million package of support for the 'electric arc furnace' project announced last September. The company confirmed it will continue with the announced closure of the heavy-end assets and restructuring programme at Port Talbot.

The current heavy-end assets of Port Talbot are nearing their end of life, are operationally unstable and are resulting in unsustainable financial losses.

The coke ovens, a critical facility for steelmaking, had to be closed in March 2024 as operations became infeasible and unsafe.

Therefore, the company is compelled to continue with its plans to decommission Blast Furnace 5 by June-end, followed by the decommissioning of Blast Furnace 4 by September-end. The downstream assets will continue to service customers by utilising imported semi-finished steel till the new EAF is built and commissioned.

AT RISK. Over the last three years, Tata Steel and the UK government have worked to develop a sustainable future for Tata Steel UK and the Port Talbot plant BLOOMBERG

SUSTAINABLE FUTURE

Over the last three years, Tata Steel and the UK government have worked to develop a sustainable future for Tata Steel UK and the Port Talbot plant.

The project has been developed to ensure the production of low-emission, high-quality steel in Port Talbot, preserve primary steelmaking in Britain, and create the potential for a future green manufacturing cluster in South Wales.

In April, the company completed a seven-month process to conclude that the continuity of Blast Furnace 4 through the transition is not viable. This puts the EAF build at risk and delays the transition by at least two years.

The proposed grant funding from the UK government is ring-fenced for building the new EAF, which is critical to securing a long-term supply of steel for Tata Steel's UK downstream assets and protecting 5,000 jobs.

"We are therefore concerned with the UK media reports since yesterday, as further political uncertainty on the timing and form of the grant will place the EAF project and the long-term future of steelmaking at Port Talbot at significant risk," said the company.

THE HINDU DATE:12/6/2024 P.NO5

Come clear on privatisation of steel plants, Congress urges Kumaraswamy

The Hindu Bureau
NEW DELHI

The Congress on Tuesday posed a series of questions to the new Steel Minister, H.D. Kumaraswamy, on the issue of disinvestment and privatisation of steel plants, including the ones at Visakhapatnam and Salem.

In a statement, Congress general secretary (communications) Jairam Ramesh said Mr. Kumaraswamy is the new Steel Minister in a "rusted" government, and posed a set of five questions relating to steel plants in Visakhapatnam, Salem, Nagarnar, Bhadrawati and Durgapur.

Mr. Ramesh said the previous Modi government had proposed the sale of Rashtriya Ispat Nigam Limited (RINL), commonly known as the Vizag Steel Plant, to the "Prime Minister's friends". He said more than one lakh people rely on it for their livelihoods. The RINL unions had been peacefully protesting since January 2021, when the Cabinet Committee on Economic Affairs gave its approval for 100 per cent privatisation of RINL, its joint ventures, and subsidiaries. Employees report that deliberate government negligence is pushing the once-thriving steel plant into losses, he added.

"Will Mr. Kumaraswamy provide a written commitment that he will not sell the Vizag Steel Plant to the 'one-third' Pradhan Mantri's industrialist friends," Mr. Ramesh asked. The issue is an important one as the BJP's key ally, the Telugu Desam Party, had strongly opposed the Vizag plant divestment proposal.

Mr. Ramesh said that in 2019, the administration decided to disinvest the Salem steel plant, and a massive rally of almost 2,000 people took to streets in protest.

THE HINDU
DATE:13/6/2024 P.NO11

April-May steel imports hit 5-year high on demand

Reuters
NEW DELHI

India's finished steel imports touched a five-year high in the first two months of the fiscal year that began in April, with the country continuing to be a net importer, according to provisional government data seen by *Reuters*.

Steel demand has been buoyant in India with robust demand from construction and auto sectors.

India imported 1.1 million metric tonne of finished steel between April and May, up 19.8% from a year earlier, the data showed.

BUSINESS LINE DATE:13/6/2024 P.NO7

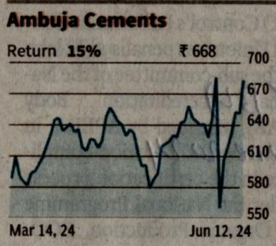
Cement stocks firm, but dull demand seen

Madhu Balaji
Bengaluru

A majority of the cement stocks including Ambuja Cements, UltraTech Cement, Shree Cement, JK Cement, Kesoram Industries, Dalmia Bharat and ACC have been trading positive in the domestic market.

In Wednesday's trade, these stocks rose 1-5 per cent. Over the week, they gained 10-20 per cent.

Brokerages Motilal Oswal and Emkay Global have maintained their positive stance on the sector, while Nuvama has remained neutral. Motilal Oswal pointed out that the all-India average cement price has increased 3 per cent month-on-month in June 2024.



DEMAND IN NEAR TERM

Brokerages estimate cement demand to be subdued or bleak in the near term due to the onset of monsoons in the next few weeks across markets. However, it is believed to rebound strongly in H2-FY25.

Motilal pointed to the BJP's 2024 manifesto, which emphasised focus on expanding PM Awas Yojana, slum redevelopment, promoting affordable housing, expanding road network, rail and metro connectivity, and constructing new airports.

However, analysts of Nuvama noted that May began on a positive note (after a muted growth in April) with announcements of price hikes across regions, though a rollback through the month erased most of the gains. Emkay Global noted the cement sector, on average is trading at a 10 per cent premium to its historical five-year average.

BROKERS' TOP PICKS

Shares of UltraTech Cement — which featured among top picks of brokerages such as Motilal, Emkay and Anand Rathi — hit a 52-week high on the NSE at ₹11,038.55 on June 12.

Anand Rathi, in a report published earlier this month, mentioned Birla Corporation as its top pick, along with Shree Cement and UltraTech. Ambuja Cements also featured among Emkay's top picks. In the mid-cap space, Motilal Oswal backed Dalmia Bharat and JK Cement.

ECONOMICS TIMES DATE:14/6/2024 P.NO1

ENTERPRISE VALUE: ₹10,422 CRORE

Ambuja Cements Deal, to Acquire Hyd-based Penna

Installed capacity of Adani Group to increase by 14 mtpa

Our Bureau

Mumbai: Adani Group unit Ambuja Cement is to acquire Hyderabad-based Penna Cement at an enterprise value of Rs 10,422 crore, adding to its capacity and market share in southern India. Mumbai-headquartered Ambuja Cement will acquire 100% of Penna Cement from existing promoter group P Pratap Reddy and family, the Adani Group company said in a stock exchange filing.

ET was first to report June 13 that the Adani Group is in talks to acquire Penna Cement. The group is also evaluating other cement companies for acquisition, including Gujarat-headquartered Saurashtra Cement and the cement business of Jaiprakash Associates, as well as Vadraj Cement, ET had reported, adding that it has a war chest of $3 billion for these purchases.

The acquisition will be funded through internal accruals. At an enterprise value of Rs 10,422 crore for a capacity of 14 mtpa, the valuation works out to $89.15 per tonne. Ambuja Cement has cash and cash equivalents of Rs 24,338 crore after the promoter infused Rs 8,339 crore through warrants in April 2024.

In South push, Adani firm Ambuja Cements acquires AP's Penna for ₹10,422 crore

Our Bureau
Mumbai

In a further consolidation in the cement sector, Adani-led Ambuja Cements has acquired 14 million tonnes per annum (mtpa) of Penna Cement in Andhra Pradesh, Telangana, and Rajasthan (under construction) for ₹10,422 crore.

Ambuja signed a binding agreement on Thursday to buy out the entire holding of the existing promoter, P Pratap Reddy. It proposes to fund the deal through internal accruals. The company expects to complete the deal in 3-4 months.

The surplus clinker at the Jodhpur plant provides an opportunity to support an additional 3 mtpa cement grinding capacity, said the company.

Of the overall capacity, only 10 mtpa is operational, and the remaining 4 mtpa under construction at Krishnapatnam, and Jodhpur is expected to be completed in 6 to 12 months. About 90 per cent of the cement capacity comes with railway sidings, and some are supported by captive power plants and waste heat recovery systems.

CAPACITY BOOST. The acquisition will enhance Ambuja's capacity to 103 mtpa from the current 89 mtpa after the ongoing projects are completed next year REUTERS

MARKET EXPANSION

Ajay Kapur, CEO and Whole-Time Director of Ambuja Cements, said the company is poised to expand its market presence in South India and reinforce its position as a pan-India leader in the cement industry.

Penna's strategic location and adequate limestone reserves provide an opportunity to increase cement capacity through debottlenecking and additional investment, he said.

The bulk cement terminals will prove to be a game changer by giving access to the eastern and southern parts of India, apart from an entry to Sri Lanka, through the sea route, he added. "We aim to make Penna highly cost-competitive and improve its operating performance," said Kapur.

Penna Cement's consolidated turnover last fiscal year was down 38 per cent to ₹1,241 crore against ₹2,002 crore in FY23. It was ₹3,204 crore in FY22.

CAPITAL INFUSION

In April, billionaire Gautam Adani's family pumped in the last tranche of ₹8,339 crore of the planned ₹20,000-crore equity infusion in Ambuja and raised their stake to 70 per cent.

The acquisition will enhance Ambuja's capacity to 103 mtpa from the current 89 mtpa after the ongoing projects are completed next year.

Gautam Adani-led Ambuja has been on an acquisition spree to catch up with the market leader, Aditya Birla Group-owned UltraTech Cement, which has a capacity of 153 mtpa across the country.

BUSINESS LINE DATE:14/6/2024 P.NO7

Adani's Australia coal port gets $333 m in private credit

FUELLING GROWTH. The proceeds of the private loan are to be used to refinance existing debt REUTERS

Bloomberg

The Adani Group unit that controls a major Australian coal port has obtained a private credit loan of about $333 million, according to people familiar with the matter.

Sources said that the company, North Queensland Export Terminal, got the loan from Farallon Capital Management and King Street Capital Management. Spokespeople at an Australian Adani group company, Farallon and King Street declined to comment.

SHIFTING LANDSCAPE

Australian coal-related companies are increasingly turning to higher interest-rate private loans as banks globally have become more reluctant about providing financing to commodity-related companies due to ESG concerns.

Sydney-based coal miner Whitehaven Coal earlier this year secured a $1.1 billion loan to buy two mines, attracting 17 private credit lenders and only one bank, while a consortium led by Golden Energy and Resource, controlled by Indonesia's Widjaja family, has also sounded out direct lenders.

The proceeds of the private loan obtained by Adani's North Queensland Export Terminal are to be used to refinance existing debt, according to sources.

North Queensland Export Terminal is a part of Bravus Australia, an Adani Group company which runs integrated energy and infrastructure services in Australia. North Queensland Export Terminal acquired a 99-year leasehold operation of the terminal from a Queensland Government entity in June 2011.

BUSINESS LINE DATE:14/6/2024 P.NO8

Copper futures: Avoid fresh positions for now

Akhil Nallamuthu
bl. research bureau

MCX Copper

Copper futures have been on a downtrend for about three weeks. The June expiry contract on the MCX marked a high of ₹953.45 on May 21 and then started to decline. The chart shows that ₹950 acted as a resistance and blocked the bulls.

That said, the current chart setup shows that the bears have lost some traction and copper futures are likely to consolidate for a while. That is, it is likely to move within ₹850 and ₹890. The direction of the break of this range will set the tone for the next leg of trend.

If bears regain strength and drag copper futures below the support at ₹850, it will open the door for a decline to ₹800, a notable support. Subsequent support is at ₹760.

On the other hand, if copper futures recover from the current level and break out of ₹890, the outlook will turn bullish. In this case, the contract can quickly rise to ₹950. A breach of this level can intensify the rally, potentially lifting copper futures to ₹1,000.

Overall, a lot depends on the path in which copper futures move out of the ₹850-890 range.

Refrain from taking fresh trades now. Create positions along the direction of the break of the range ₹850-890.

THE HITAVADA DATE:14/6/2024 P.NO9

Ambuja Cements ACQUIRES Penna Cement at Rs 10,422 cr

NEW DELHI, June 13 (PTI)

AMBUJA Cements, an Adani group firm, on Thursday announced the acquisition of Penna Cement Industries Ltd (PCIL) at an enterprise value of Rs 10,422 crore.

A binding agreement for the acquisition has been signed, which will add 14 MTPA capacity to Adani group, taking the total tally to 89 MTPA (million tonnes per annum). Ambuja will acquire 100 per cent shares of PCIL from its existing promoter group P Pratap Reddy and family.

PCIL has 14 MTPA capacity in Andhra Pradesh, Telangana, and Rajasthan (under-construction). Besides, it has surplus clinker at Jodhpur plant which will support additional 3 MTPA cement grinding capacity, said a statement.

It will also strengthen Adani group's sea transportation logistics with five bulk cement terminals at Kolkata, Gopalpur, Karaikal, Kochi and Colombo to serve peninsular India, the statement said. The acquisition will improve Adani group's share in the cement market pan-India.

THE HITAVADA(CITYLINE)
DATE:15/6/2024 P.NO6

WCL CMD meets Union Coal Minister

CHAIRMAN and Managing Director of Western Coalfields Limited (WCL) J P Dwivedi recently met the newly appointed Union Minister for Coal and Mines G Kishan Reddy and Minister of State Satish Chandra Dubey. It was a courtesy visit held soon after the ministers assumed the charge.

On the occasion, Dwivedi highlighted the efforts of Western Coalfields in fulfilling the country's coal requirement. he also spoke about the coal production by the company in the current financial year. WCL has set a target of 69 MT of coal production in the fiscal.

THE HITAVADA(CITYLINE)
DATE:15/6/2024 P.NO6

Gems, jewellery exports fall 5% to Rs 20,713.37 cr in May: GJEPC

INDIA'S overall gems and jewellery exports in May declined 4.97 per cent to Rs 20,713.37 crore compared to the same period a year ago, Gem and Jewellery Export Promotion Council (GJEPC) data showed.

The exports stood at Rs 21,795.65 crore (USD 2,646.92 million) during May 2023.

However, the total export of gold jewellery saw 13.1 per cent growth at Rs 5,507.71 crore in May 2024 as compared to Rs 4,807.71 crore in the same period a year ago.

Exports of silver jewellery also surged to Rs 1,103.72 crore last month from Rs 665.13 crore in May 2023. The overall gross export of Cut & Polished diamonds declined to Rs 12,270.54 crore from Rs 14,190.28 crore. "India's gems and jewellery sector has shown remarkable resilience and adaptability despite global headwinds. The growth witnessed in categories such as gold and silver jewellery underscores the enduring appeal of Indian craftsmanship and design. As we navigate through the evolving landscape, we remain committed to driving innovation and excellence to ensure sustained growth for the industry," GJEPC chairman Vipul Shah said. As the industry continues to navigate through dynamic market conditions, GJEPC remains optimistic about the sector's long-term prospects, leveraging India's rich heritage and skilled workforce to capitalise on emerging opportunities, Shah added.

Ambuja Cements to repay Penna's ₹3,000-crore debt

PAY BACK. The debt will be repaid once the deal is closed in 3-4 months

Suresh P. Iyengar
Mumbai

Adani Group-owned Ambuja Cements plans to repay Penna Cement's debt of ₹3,000 crore and enhance its capacity by another 3 million tonnes per annum (mtpa), over and above the acquired 14 mtpa.

Ambuja will repay Penna's debt once the deal is closed in 3-4 months to save on interest costs and targets a credit rating of BBB– to AAA.

Ambuja has surplus cash reserves of ₹15,676 crore as of March-end.

The surplus clinker at the Jodhpur plant in Rajasthan provides an opportunity to increase cement grinding capacity by 3 mtpa in the northern market, over and above the acquired capacity of 14 mtpa, said Ambuja Cements. The company expects the south India market share to improve by 8-15 per cent and the pan-India market share to go up by 2 per cent.

STRONGER FOUNDATION. Ambuja Cements hopes to enhance its capacity by 3 mtpa, besides the acquired 14 mtpa

TARGET CAPACITY

Penna has surplus land and limestone reserves to set up additional clinker lines and offers the scope for improving capacity by de-bottlenecking with marginal cost. The limestone mines were allotted during the pre-auction era and do not attract any royalty. Ambuja's consolidated capacity will reach 93 mtpa once the 4 mtpa of Penna Cement expansion project is completed in one year and along with the blueprint for future expansion, the company aims to achieve 140 mtpa by March 2028.

Systematix Institutional Equities believes the Penna deal at $89 per tonne (assuming enterprise value includes the completion of 4 mtpa) is value-accretive and cheaper than Sanghi's recent acquisition. Further, surplus clinker can support an additional 3 mtpa of grinding capacity, which may be set up at $30-35 million tonnes, making it more attractive, it said.

While Penna has been facing liquidity issues, a potential turnaround (similar to Sanghi acquisition) can enhance the value for Ambuja Cements. At the same time, utilisation ramp-up at Penna will bring in additional volumes to the market and intensify competition, said Nuvama Institutional Equities. Penna has 60 per cent of its current capacity in Andhra Pradesh, 30 per cent in Telangana and remaining 10 per cent in Maharashtra. The acquisition will strengthen Adani Cement's sea transportation logistics, with five bulk cement terminals at Kolkata, Gopalpur, Karaikal, Kochi, and Colombo to serve peninsular India.

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