खनिज समाचार

KHANIJ SAMACHAR

Vol. 7, No-15

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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 ibmcentrallibrary@gmail.com (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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खनिज समाचार

KHANIJ SAMACHAR

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INDIAN BUREAU OF MINES

VOL. 7, NO –15, 1st - 15th AUG 2023

BUSINESS LINE DATE: 1/8/2023 P.NO10

Copper: Buy August futures at current level

Akhil Nallamuthu
bl. research bureau

Copper futures on the MCX bounced off support at ₹720 last week. The continuous contract closed at ₹736.7 on Friday, and opened the week on a positive note rising 0.2 per cent on Monday.

COMMODITY CALL.

There was a strong roll-over of 98 per cent in copper futures by the end of last week and, thus, the uptrend is likely to continue, at least in the near-term. That said, the August futures, currently trading at around ₹745, is right on a resistance. In case the hurdle at ₹745 is breached, the contract can rally to ₹765, the nearest resistance. Subsequent resistance is at ₹780. On the other hand, if the price moderates

from the current level, it can fall to the support band of ₹734-736. A breach of ₹734 can drag the contract to ₹725.

Nevertheless, the overall bias is bullish, and the chance of a fresh breakout is high.

Buy August expiry copper futures at the current level of ₹745. Add more longs in case the price dips to ₹737. Place stop-loss at ₹730 at first. Move the stop-loss up to ₹745 when the contract touches ₹755. Tighten the stop-loss further to ₹752 when the price rises to ₹760. Book profits at ₹765.

BUSINESS LINE DATE: 2/8/2023 P.NO11

India has extracted lithium on laboratory scale: Minister

Abhishek Law
New Delhi

India has successfully extracted lithium from mineral concentration "in laboratory scale", Pralhad Joshi, Union Minister for Mines, said on Monday.

According to him, the country is capable of developing technologies for beneficiation of lithium ore to lithium mineral concentrate.

"The processing and refining methods for lithium ore can vary depending on the type of lithium deposit, the characteristics of the ore, and the intended end-use of the lithium compounds. Successful experimentation has been done for extraction of lithium from mineral concentrate in laboratory scale," Joshi said in a written response to the Rajya Sabha.

India declared its first and so far its only lithium reserve in the Salal Haimna areas, of the Reasi district in Jammu & Kashmir, to the tune of 5.9 million tonnes (mt).

Joshi said, there are scattered houses in the msineralised block of Salal-Haimna, Reasi District, Jammu & Kashmir and "the decision regarding auctioning of the lithium mineral block will be taken up by the Government of Jammu and Kashmir as on date."

According to the Minister, the Atomic Minerals Directorate for Exploration and Research, under the Department of Atomic Energy has established 1,600 tonnes (inferred category) lithium resource in Marlagalla area, Mandya District, Karnataka too.

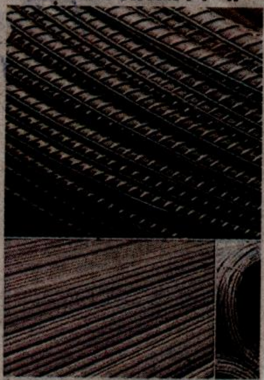
. Bench scale studies have been completed on hydrometallurgical extraction of lithium from spodumene mineral (an important ore) concentrate from the area "to produce very pure lithium carbonate".

LOKMAT DATE: 1/8/2023 P.NO9

स्टील उत्पादन क्षमता बढ़ाएगी श्याम मेटैलिक्स एंड एनर्जी

- अप्रैल-जून तिमाही में 3307 करोड़ रुपए की आय
- कंपनी ने कर पूर्व 282 करोड़ लाभ अर्जित किया

भास्कर संवाददाता | मुंबई



श्याम मेटैलिक्स एंड एनर्जी लिमिटेड को चालू वित्तीय साल की पहली तिमाही में 3,307 करोड़ रुपए की आय हुई है। अप्रैल-जून के बीच कंपनी को 282 करोड़ रुपए का कर पूर्व लाभ हुआ है। श्याम मेटैलिक्स के उपाध्यक्ष बृज भूषण अग्रवाल ने बताया कि विस्तार योजना के तहत कंपनी की इस्पात उत्पादन क्षमता मौजूदा 26.90 मेट्रिक टन सालाना से बढ़ा कर 44 लाख टन की जाएगी। इसके अलावा, कैप्टिव पावर प्लांट को 377 मेगावाट से बढ़ा कर 597 मेगावाट और नवीकरणीय पोर्टफोलियो को मौजूदा 9.1 मेगावाट से बढ़ा कर 109.1 मेगावाट किया जाएगा। विस्तार कार्यक्रम को निदेशक मंडल की मंजूरी मिल गई है। उन्होंने कहा कि चुनौतीपूर्ण हालात के बावजूद कंपनी ने आलोच्य तिमाही में बेहतर प्रदर्शन किया है। साल-दर-साल के आधार पर तैयार स्टील की प्राप्ति में 6% की कमी के बावजूद कंपनी का कारोबार 36% बढ़ा। कंपनी की आमदनी बढ़ाने में एल्यूमीनियम फॉयल डिवीजन ने अहम भूमिका निभाई।

THE ECONOMIC TIMES DATE:1/8/2023 P.NO1

Niti Moots Mining Sops to Charge up Li-ion Battery Plans

Proposes royalties, tax benefits, PLI schemes in report

Our Bureau

New Delhi: The Niti Aayog has proposed royalties and tax benefits, production-linked incentive (PLI) schemes and other measures to support the processing and refining of critical minerals used in lithium-ion batteries as part of efforts aimed at promoting electric vehicles and meeting net-zero goals.

The Geological Survey of India (GSI) recently confirmed an inferred 5.9 million tonnes of lithium ore resource in the Salal-Haimna area of Reasi district, Jammu & Kashmir, giving a fillip to the country's electric vehicle and renewable energy push.

The government's think tank said the policy should focus on scaling up lithium-ion battery (LIB) recycling infrastructure with PLI programmes to complement the mining and extraction efforts of critical minerals. The proposals were made in a report released Monday by the Niti Aayog—Mine to market: critical minerals supply chain for domestic value addition in lithium-ion battery manufacturing.

"The decision regarding auctioning of the lithium mineral block in Jammu & Kashmir will be taken up by the government (there)," the Centre said last week in response to a Parliament question.

The Atomic Minerals Directorate for Exploration and Research has also established 1,600 tonnes (inferred category) of lithium resource in the Mandya district of Karnataka.

Eye on Critical Minerals

Govt's think tank lays out roadmap to incentivise mining of critical minerals

Calls for tax benefits for extracting minerals used in lithium-ion batteries

Says policy should focus on scaling up lithium-ion battery recycling infra

Calls for strengthening state-run Khanij Bidesh India to plan joint exploration in critical mineral-bearing foreign nations

LOKMAT DATE :1/8/2023 P.NO4

अवैध वाळू उपसा करणाऱ्यांवर कारवाई

जिल्हाधिकारी इटनकर : सीमेवर चेकपोस्ट

लोकमत न्यूज नेटवर्क

नागपूर : वाळू संदर्भात नवीन धोरण लागू करण्यात आले. यामुळे अवैध वाळू उपसा व वाहतुकीवर आळा बसेल, असा दावा शासनाकडून करण्यात आला होता. परंतु वाळू वाहतूक व उपसा सुरूच आहे. प्रशासनातर्फे अशांवर कारवाई करून वाहन जप्त करण्यात आल्याची माहिती जिल्हाधिकारी डॉ. विपिन इटनकर यांनी दिली.

वाळू माफियांचा जोर राज्यभर आहे. त्यांच्याकडून अनेक अधिकाऱ्यांवर जीवघेणे हल्लेही करण्यात आले. शिवाय अवैध वाळू उपसा व वाहतूक होत आहे. यावर आळा घालण्यासाठी शासन, प्रशासनाकडून प्रयत्न होत आहेत. परंतु ते अपुरे पडत आहेत. प्रशासनातील काहींचा सहभाग असल्याने वाळू माफियांचे फावत असल्याचीही चर्चा आहे. या अवैध वाळू उत्खननावर आळा घालण्यासाठी नवीन वाळू धोरण तयार करण्यात आले. जिल्ह्यात ११ वाळू डेपो तयार करण्यात आले असून

यात जवळपास ५० हजार ब्रास वाळू होती. अतिरिक्त जिल्हाधिकारी आशा पठाण यांनी सांगितले की, सहा डेपोंमधील वाळू साठा संपला आहे. दोन डेपोंमध्ये वाळू आहे. परंतु बुकिंग झाली असल्याने त्याला आधी प्राधान्य दिले जात आहे.

नवीन बुकिंग घेणे बंद आहे. तर तीन डेपोंपर्यंत जाणारा रस्ता खराब झाला असल्याने वाहन जाऊ शकत नाही, अशी परिस्थिती असल्याचे त्यांनी सांगितले. काही ठिकाणी अवैध वाळू उपसा होत असल्याचे लक्षात येताच कारवाई करण्यात आली. मध्यप्रदेश व भंडारा जिल्ह्यातूनही अवैध वाळू वाहतूक होण्याची शक्यता आहे. त्यामुळे येथील सीमेवर संयुक्त चेक पोस्ट तयार करण्यात येणार असल्याचे जिल्हाधिकारी डॉ. विपिन इटनकर यांनी सांगितले.

ECONOMIC TIMES DATE:1/8/2023 P.NO6

CO CAN BE A MAJOR PARTNER AS THE COUNTRY EXPANDS ITS OUTPUT, SAYS CHIEF COMMERCIAL OFFICER

India's Steel Production Can Go up to 500-m Tonnes by 2050: BHP Top Exec

Nikita.Periwal@timesgroup.com

Mumbai: Production of steel in India could go up to 500 million tonnes by 2050, nearly four times the current output, as New Delhi seeks to undergird its evident growth ambitions with rapid capacity expansion for the primary infrastructure alloy, a senior executive at mining major BHP said.

The global mining company, which supplies energy needs for the world's second-biggest steel industry next to China, could be a major growth partner as India expands its output to buttress rapid economic growth, said Vandana Pant, BHP's chief commercial officer (CCO).

Met coal or coking coal is a key raw material used in the production of steel, and India is completely dependent on imports for this requirement.

"About 36% of India's demand for met coal comes from BHP. It's a big number. Every one in three tons of met coal that India consumes comes from BHP," Pant told **ET** in an exclusive interaction.

For the world's largest natural resources mining company BHP, around 40% of its met coal portfolio in Australia comes to India.

"It's a symbiotic relationship and a huge relationship for us and for India," Pant said. BHP counts India as one of its top three customers. "And India is just getting started on growth, so I see it as this is the starting point rather than the ending point for India," she said.

India produced around 125 million tonnes of steel in FY23, which New Delhi plans to scale to 300 million tonnes by 2030, as per the National Steel Policy.

Even after accounting for a bit of a haircut, India can produce around 240 million tonnes of steel in eight years - double of what it does now.

"Iron ore, we think India has plenty of and very good quality, so it's a real strength for India steel mills. But met coal, quality wise and that quantum wise is not something that would be available, so that's where BHP can come in," she said.

"India is just getting started on growth, so I see it as this is the starting point rather than the ending point for India"
VANDANA PANT
CCO, BHP

COKING COAL

With imports of around 69 million tonnes in 2022, India is one of the largest importers of coking coal.

BHP currently has its footprint in coking coal, iron ore, nickel, copper and potash.

While it has traditionally had resources which bring in carbon emissions, the company now wants to focus on commodities which will be future facing – that is copper, nickel and potash.

"By the end of the decade, early 2030s, we'd like to see that the majority of our portfolio is future-facing commodities," Pant said. The company is integrating decarbonisation in its M&A strategies.

For instance, in its last acquisition made for iron ore, South Flank, the company consciously baked in designs which would result in a higher proportion of lumps at the mine.

"We started to see that with decarbonisation, higher quality met coal and higher quality iron ore will have more demand because higher the quality of raw material, lower the carbon emission. And lump products for iron ore will have an advantage," she said.

BUSINESS LINE DATE: 2/8/2023 P.NO10

Gold demand down 7% in June quarter as domestic rates soar

LOSING SHEEN. Jewellery and investment demand also fall; recycling and imports rise

Our Bureau
Mumbai

The country's gold demand dropped 7 per cent in the June quarter to 158 tonnes (171 tonnes in June quarter 2022) as the yellow metal's prices zoomed to record highs in rupee terms, the World Gold Council said on Tuesday.

"This (demand) decline can be attributed to the prevailing record high rupee gold prices, which significantly impacted affordability and consumer sentiment," said PR Somasundaram, Regional CEO, India, World Gold Council.

ROUGH PHASE. Demand for gold jewellery, which forms a bulk of the demand, declined by 8 per cent to 129 tonnes as buyers postponed their purchases, hoping for prices to fall PTI

2,000 NOTE WITHDRAWAL

The high prices in rupee terms increased the value of gold demand by 4 per cent to ₹82,530 crore (₹79,270 crore). Demand for gold jewellery, which forms a bulk of the demand, declined by 8 per cent to 129 tonnes (140 tonnes) as buyers postponed their purchases, hoping for prices to fall.

"There was a brief but notable impact on gold demand following the kneejerk reaction to the ban of ₹2,000-rupee notes during the quarter," the WGC said in a statement. On May 23, the Reserve Bank of India said it will withdraw the ₹2,000 note from circulation from October 1.

Somasundaram said though there was a brief spurt in demand after the announcement on ₹2,000 note, it settled down immediately reflecting to the sensitivity of Indian consumers to policy changes.

POSITIVES

There were, however, two positive developments amidst the demand gloom. In view of the firm prices, buyers preferred to recycle gold than make fresh purchases. Gold recycling jumped 61 per cent during the quarter to 37.6 tonnes (23 tonnes). Gold imports increased 16 per cent to 209 tonnes (181 tonnes) as jewellers replenished their holdings after gold sales in the first half of this year.

However, investment demand fell 3 per cent to 29 tonnes (30 tonnes), but it was up 9 per cent in value at ₹15,410 crore (₹14,140 crore).

Globally, central banks' gold purchase as part of forex reserves was down 35 per cent to 105 tonnes of gold in the June quarter. In the first half of this year, RBI bought 10 tonnes of gold against 15 tonnes last year.

CAUTIOUS H2 OUTLOOK

In the April-June quarter, gold prices in the country jumped 12 per cent to ₹52,192 per 10 grams against ₹46,430 a year ago.

Somasundaram said, "We remain cautious about gold demand in H2 as it faces uncertainties due to elevated local prices and a slowdown in discretionary spending."

BUSINESS LINE DATE: 2/8/2023 P.NO10

Go long on zinc again, buy at current levels

Akhil Nallamuthu
bl. research bureau

Zinc futures on the Multi Commodity Exchange (MCX) found support at ₹212 last week and made a recovery. On Monday, it broke out of a resistance at ₹222, which opened the door for further upside.

COMMODITY CALL.

Substantiating the bullish bias, the 20-day moving average (DMA) of August futures has crossed over the 50-DMA before a few sessions and the RSI and MACD on the daily chart shows good positive momentum.

We expect zinc futures to appreciate to ₹245, a support, in the short term. Resistance above ₹245 is at ₹252.

On the other hand, if the contract falls from here, it can find support at ₹222 and ₹216. We recommended buying zinc futures a few weeks back at an average price of ₹213. The target of ₹222 was hit this week.

Since the breakout has increased the probability of further rally, we suggest going long again on zinc futures.

That is, buy at the current level of ₹226 and add more longs in case the price slips to ₹222. Place stop-loss at ₹215 at first.

When the contract touches ₹235, tighten the stop-loss to ₹230. Book profits at ₹242.

THE HITAVADA DATE:3/8/2023 P.NO6

MOIL recorded best ever July production in 2023

- With manganese ore production of 1.20 lakh tonne during July, 2023, a remarkable growth of 71% has been registered compared to corresponding period last year

■ Business Bureau

DESPITE the challenge of heavy rainfall, MOIL has been able to maintain its production tempo and achieved its highest-ever July production since inception in July 2023. With manganese ore production of 1.20 lakh tonne during July, 2023, a remarkable growth of 71% has been registered compared to corresponding period last year (CPLY).

On sales front also, MOIL has achieved best-ever July sales of 0.94 lakh tonnes in July 2023, registering an impressive growth of 69 per cent over CPLY.

CMD, Ajit Kumar Saxena, once again congratulated MOIL collective for their achievements and expressed happiness over the sustained efforts being made to enhance production resulting in best July performance, despite adverse weather conditions.

About MOIL: MOIL Limited is a Schedule-A, Miniratna Category-I CPSE under the administrative control of Ministry of Steel. MOIL is the largest producer of manganese ore in the country, contributing 45% of domestic production. It operates 10 mines in Maharashtra and Madhya Pradesh. The company has ambitious vision of more than doubling its production to 3.50 million tonnes by 2030.

BUSINESS LINE
DATE: 4/8/2023 P.NO12

COMMODITY CALL.

Buy aluminium after it breaks out of resistance at ₹205

Akhil Nallamuthu
bl. research bureau

Aluminium futures on the Multi Commodity Exchange (MCX), which has been in a downtrend since February, is attempting to overturn the bearish trend – the contract has been forming higher lows and higher highs since early July and it has now moved above falling trendline resistance.

Besides, the RSI and the MACD on the daily chart are in the bullish zone.

While the above factors hint at the potential for more upside in aluminium futures, there is a resistance at ₹205, which is a trend defining level.

Currently, the August futures of aluminium is trading at ₹200.

If the barrier at ₹205 is breached, we can expect a quick upswing to ₹212, a resistance.

A subsequent hurdle is at ₹215. But if the contract falls below the support at ₹196, aluminium futures could slip further to ₹192 or ₹186 which are the support levels.

TRADE STRATEGY

While there are bullish signs, we suggest traders wait for now and buy aluminium futures after it breaks out of the resistance at ₹205.

Target and stop-loss can be at ₹212 and ₹202.

THE TIMES OF INDIA DATE: 4/8/2023 P.NO6

Offshore mining law tweak set to usher in a sea change

Sanjay.Dutta@timesgroup.com

New Delhi: India's mining sector is in for a sea change, literally, with Parliament on Thursday passing the Offshore Areas Mineral (Development and Regulation) Amendment Bill 2023 to begin a serious hunt for mineral treasures buried under water.

The Bill, steered through Rajya Sabha by coal and mines minister Pralhad Joshi, introduces auction to end scope for discrimination in allocation of offshore mineral exploration and mining rights to companies, including from the private sector.

The transparent auction regime with well-defined norms for concession holders and operators is expected to attract investors and mark the country's foray into offshore mining in the true sense. "Offshore mining has remained neglected for long. While our neighbours in the Indian Ocean region have been doing it since long, nothing has happened here due to scope for discretion in the existing law — framed in 2002 and implemented in 2010. The amendment will give confidence to investors by bringing in transparency and fair play," a top mines ministry official told **TOI**.

Offshore mining is of strategic importance to India, which has an exclusive economic zone (EEZ) of the size of two million sq km. Firstly, the country needs to harness its maritime resources to fuel a high growth trajectory. Secondly, offshore mining operations — just like oil and gas exploration — strengthens and safeguards territorial claims.

RS passes Periodicals Bill & Advocates Bill

New Delhi: The Rajya Sabha on Thursday passed by voice vote the Press and Registration of Periodicals Bill, 2023 to simplify the registration process for periodicals, which include any publication containing public news or comments on public news. It replaces a British-era PRB Act, 1867. During a discussion on the The Press and Registration of Periodicals Bill, 2023, I&B minister Anurag Thakur said it will enable ease of doing business for media. The bill also seeks to do away with two provisions that required publishers and printers to file a declaration before the district magistrate. TNN

PLI 2.0 for steel in the works, outlay of ₹4,000 cr proposed

Abhishek Law
New Delhi

The Steel Ministry is finalising guidelines for the second phase of the production linked incentive (PLI 2.0) targeting speciality steel making across premium and high value categories. The total outlay is expected to be around ₹4,000 crore, nearly double of PLI 1.0, those aware of the discussions told *businessline.*

Segments to be covered include coated and plated steel, high strength and wear resistant offerings, speciality rails, alloys including wires and tubes, electrical steel, among others. The scope of PLI 2.0 is also being expanded to include strategic sectors like defence, nuclear space and infrastructure.

According to officials, consultations have been carried out "with other stakeholder Ministries" and also industry participants. Based

on some suggestions, modifications towards the PLI 2.0 guidelines are being looked into. Those in the know say other stakeholder Ministries include Roads, Department of Atomic Research, Commerce, Defence, and others.

The PLI 2.0 scheme will look to promote high-end steel or speciality steel manufacturing in India, thereby looking to reduce the country's import dependence in these segments.

DRAFT GUIDELINES

An initial draft of the PLI 2.0 scheme, reviewed by *businessline*, show that coated plated steel usage is across tin mill products where investments are expected to be a minimum of ₹500 crore towards capacity addition. Eligible products are used mostly in automobiles.

Speciality rails find use in head hardened rails and the segment is likely to draw investments of ₹200 crore; alloy steel (in wires and tubes) could see investments to the tune of ₹100 crore in segments like tool and die, valve steel and automotive power tool, ₹80 crore investments in each of the tyre beads and metallic coated wires. Products like zinc/aluminium/copper coated wires, carbon steel and high strength rebars, CRGOs would be eligible for PLI.

Higher investments of ₹1,000 crore likely in seamless pipe and tube mills; nearly ₹3,000 crore in electrical steels; and around ₹1,400 crore could come in capacity addition across strategic sectors like super alloys, titanium alloys and forged wheel for Railways.

BUSINESS LINE DATE: 4/8/2023 P.NO2

'Steel demand will improve in second half of this fiscal'

bl.interview

Suresh P. Iyengar
Mumbai

Steel prices have been falling steadily in the last few months due to weak demand. This has led to a sharp fall in prices. The inventory levels at JSW Steel have gone up amid slowing demand. *businessline* spoke to Jayant Acharya, Joint Managing Director, JSW Steel, on the way forward for the company. Excerpts:

> The demand is growing 8-9 per cent annually, which means an additional demand of about 10-11 mt every year. In 3-4 years, it would mean about 45 mt of additional demand
>
> **JAYANT ACHARYA**
> Joint Managing Director, JSW Steel

How do you see it is a demand?

The demand in India was fundamentally good, driven by manufacturing, energy and automotive. The channel was destocking because the prices came down. So, therefore, the channel was reducing inventories. Destocking is now complete and prices have bottomed out. It has shown an uptick. We expect the demand to continue being positive. The volumes in the second quarter will now improve with restocking. We may see some impact on demand from the construction and infrastructure sectors because of rains.

Why have inventory levels gone up substantially?

Inventory went up due to destocking and the recent cyclone has disrupted supplies to the port. In the western region, some customers were not able to take the material. These inventories will be liquidated in the coming quarters. In the March quarter, we liquidated 3.50 lakh tonnes of inventory.

Some part of the inventory was to be rebuilt again. The cost has been going down because coking coal and iron ore prices have moderated. This benefit will flow in the second quarter and will offset the exit prices. Demand in the first half of the fiscal is typically about 45 per cent and the remaining comes in the second half. We will have more to sell as BPSL capacity expansion from 3.5 million tonne (mt) to 5 mt will be completed in the second half.

Is there an issue of excess supply in the market?

I do not think so. The demand is growing 8-9 per cent annually, which means an additional demand of about 10-11 mt every year. In 3-4 years, it would mean about 45 mt of additional demand. So, capacity additions are happening over 3-4 years. Even after increasing capacity, the ramp-up takes time. The growing Indian demand will be able to absorb the domestic capacities. There may be a little bit of a lag, but otherwise, we do not see it as a concern from the current capacities being planned.

In the medium term, the economy is supposed to triple by 2032; there should be no reason why we cannot triple the consumption. If the economy becomes $10 trillion from $3 trillion, the demand probably will be growing much faster than the economy.

How do you see the imports?

Imports have increased because of exports by China. However, Chinese daily production is going down. They have already decided to cap production to last year's level. This means that they have to cut output by 60 mt in the second half, which translates to 10 mt of production cut a month.

It is a huge positive for the global steel industry. Chinese inflation is very low. China plans to give some policy support that should support steel prices. However, rising imports into India are a concern and remain monitorable. Domestic steel prices have fallen while international prices are moving up. So, there is not much meaningful gap to import.

Has the process to surrender thermal coal mine completed?

There are certain problems in making the coal mine operational because there is a river flowing through it and a railway line cutting across the asset. We cannot shift those lines because there is a forest area around it. We are trying to take a report from agencies. We are evaluating various options and discussing with the Ministry how we can take this forward.

Govt auctions 6 coal mines in 7th tranche; NLC, NTPC among winners

Press Trust of India
New Delhi

State-owned NLC India and NTPC along with three private players have bagged coal blocks in the seventh round of auctions which concluded with the sale of all six mines put under the hammer, an official statement said on Friday.

While NLC bagged North Dhadu (Western Part) coal block in Jharkhand with 434 million tonnes of coal reserves, NTPC won the North Dhadu (Eastern Part) coal block, which has 439 million tonnes (mt) of coal reserves, the Ministry of Coal said in a statement.

Private players Hindalco Industries bagged the Meenakshi West block in Odisha, which has 950 mt of coal reserves. Bajrang Power and Ispat Ltd won the Pathora East and Pathora West coal blocks in Madhya Pradesh with 110.40 mt and 81.69 mt of coal reserves, respectively.

Operationalisation of these coal mines is expected to lead to a capital investment of around ₹34,486 crore

Nilkanth Coal Mining also bagged Sherband coal block in Chhattisgarh which has a reserve of 90 mt.

"With the successful auctioning of these six coal mines, the total number of coal mines auctioned under commercial auctions now stands at 92," the ministry said.

These mines are projected to generate annual revenue of approximately ₹34,185 crore (excluding partially explored coal mines) calculated at the current PRC (peak rated capacity) of coal mines. The operationalisation of these coal mines is expected to lead to a capital investment of around ₹34,486 crore and generate employment opportunities for approximately 3,10,818 people, it said.

Among the mines auctioned, two coal mines are fully explored while four are partially explored.

"The average revenue share has shown an upward trend, increasing from 22.12 per cent in the previous tranche to 23.71 per cent. This higher revenue share indicates a strong and continued interest from industry players and investors in the commercial coal mining sector and stable future of coal mining in India," the coal ministry stated.

This also signifies the success of the reforms introduced by the government in the coal sector through the introduction of commercial coal mining, it added.

NMDC starts lithium prospecting in Australia

Abhishek Law
New Delhi

NMDC Ltd has begun prospecting for lithium in Australia's Mt Bevan region through its partner, Hancock Prospecting Pty.

The exact quantum of deposits are yet to be determined, said sources aware of the development

NMDC, through its 100 per cent owned Perth-based subsidiary Legacy, has entered into an MoU with Hancock Prospecting for mining of lithium in Australia. Depending on the quantity of lithium reserves mined, Hancock will be granted a stake in Legacy, not exceeding 49 per cent. Hancock's stake in Legacy would be upped as reserves/ mined lithium increase.

NMDC is a CPSE under the Ministry of Steel.

A prospecting activity incidentally determines the location, probable quantity and life of minerals and mines. It necessarily does not mean mining activities commence. From the prospecting stage to the actual mining of mineral, the time span could be anywhere from 2-5 years or more.

KEY MINERAL. Lithium is critical for India as the country looks to push EVs both in the public and private transportation space

"Prospecting activities have commenced. In fact, NMDC through Legacy entered into a prospecting and mining agreement with Hancock; and MoUs were finalised / signed some four to six months back," an NMDC official told *businessline*, requesting anonymity.

It could take anywhere between 12 and 15 months for the studies/prospecting activities to be complete.

EV TRANSITION

Lithium, a non-ferrous, alkali mineral, is critical for India as the country looks at pushing EVs. Lithium-ion batteries are critical for EV transition, both in the public and private transportation space.

The miner (Legacy) has reportedly also been offered to carry out prospecting activities elsewhere in Australia for probable lithium reserves. Other prospecting activities that Legacy is carrying out, with Hancock, include exploration and mining of rare earth and other critical minerals such as copper, tungsten, cobalt and nickel.

This is in addition to the iron ore mining that will be carried out. A gold mine could also be operationalised in Australia too.

In India, NMDC has already obtained a prospecting licence to carry out exploration activities for lithium reserves in Karnataka. Work is yet to begin. Australia is among the top six lithium producers in the world. The new other nations include Bolivia, Argentina, Chile, the US and China.

India completely depends on imports for its lithium requirements. Its only official find so far is to the tune of 5.9 million tonnes in J&K and currently price determination for auctions are being carried out by the Ministry of Mines.

According to the official, commissioning of NMDC's recently de-merged steel unit, at Nargarnar in Chhattisgarh, has been further delayed following a software glitch at the plant.

The 3.5 million tonne per annum plant was expected to go on-stream by end of June, after failing several deadlines.

COAL AND GOLD MINES

NMDC is also looking to foray into gold and coal mining and is on-course to secure a lease for the Chigargunta-Bisanatham gold block in Andhra Pradesh.

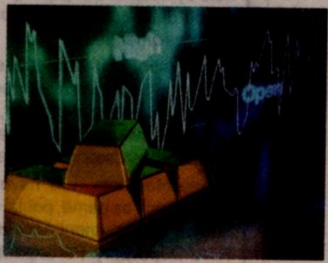
The block is expected to have around 1.83 million tonnes of reserves (and 5.15 grams of gold per tonne).

"There was a court stay that was vacated and so it should take us some 4-5 years to get the mines operational again," an official said.

Gold futures turns flat

BULLION CUES. Silver contract relatively weak

Akhil Nallamuthu
bl. research bureau



GETTY IMAGES/ISTOCKPHOTO

As the dollar went up, the precious metals declined last week. In dollar terms, gold and silver lost 0.9 per cent and 2.9 per cent, and closed at $1,942 and $23.6 per ounce, respectively.

Similarly, on the MCX, gold futures was down 0.4 per cent, as it closed the week at ₹59,527 per 10 gram. Silver futures fell 2.1 per cent to end at ₹72,478 per kg.

MCX-GOLD (₹59,527)
Gold futures (October series) continued to stay flat within ₹59,300 and ₹60,320.

However, there is a slight bullish bias as ₹59,300 is a strong support where both 20- and 50-day moving averages coincide. If the contract surpasses ₹60,320, we can see a swift upswing to ₹62,000. But if the contract falls below the support at ₹59,300, it may extend the downswing to ₹58,000.

Trade strategy: Retain the longs initiated at ₹59,785 last week. Target and stop-loss can be at ₹62,000 and ₹58,850 respectively.

MCX-SILVER (₹72,478)
Silver futures declined for the third consecutive week, as it closed at ₹72,478 versus the preceding week's close of ₹74,059. Although it has closed below ₹73,000, the contract has a strong support at ₹71,400.

If ₹71,400 is breached, we are likely to see a quick fall to ₹68,500. On the other hand, if silver futures rebounds, it will face a minor resistance at ₹73,000. Notable barriers above this level are at ₹75,000 and ₹76,700.

Trade strategy: The stop-loss at ₹72,000 for the longs we suggested last week was hit as the contract made a low of ₹71,560.

The price action appears a bit weak now. However, there is support which can arrest the fall. So, we advise traders to wait for some clarity before trading.

The short-term trend depends on which direction the contract comes out of the ₹71,400-73,000 range.

NAVBHARAT DATE: 6/8/2023 P.NO4

मॉयल के उत्पादन में भारी उछाल

वर्ष दर वर्ष 36% की वृद्धि

■ नागपुर, व्यापार प्रतिनिधि. मॉयल के निदेशक मंडल ने आयोजित अपनी बैठक में वित्त वर्ष 2023-24 की पहली बैठक के लिए वित्तीय परिणामों को मंजूरी दी. वित्त वर्ष की पहली तिमाही में अब तक का सर्वश्रेष्ठ तिमाही मैंगनीज अयस्क का उत्पादन 4.36 लाख मीट्रिक टन रहा है जो पिछले वर्ष की इसी अवधि (सीपीएलवाई) की तुलना में 36% की उल्लेखनीय वृद्धि दर्ज की गई है. सीपीएलवाई की तुलना में 39% की वृद्धि के साथ, चालू वित्त वर्ष की पहली तिमाही में अब तक का सर्वश्रेष्ठ पहली तिमाही बिक्री निष्पादन एवं 3.96 लाख मीट्रिक टन की बिक्री पंजीकृत की गई. कंपनी ने पिछले वर्ष की इसी अवधि की तुलना में 4% की वृद्धि दर्ज करते हुए कुल आय में 405 करोड़ रु. की सकारात्मक वृद्धि दर्ज की. तिमाही के दौरान उत्पादन लागत में काफी गिरावट आई है परिणामस्वरूप इन्वेंट्री का मूल्यांकन कम हुआ है. प्रतिकूल बाजार स्थितियों के बावजूद तिमाही के दौरान मैंगनीज की अंतरराष्ट्रीय कीमतों में लगभग 40% की कमी देखी गई, उत्पादन स्तर में काफी वृद्धि के कारण पहली तिमाही में लाभ में मामूली गिरावट (16 करोड़ रुपये) आई है. मॉयल ने तिमाही के दौरान इलेक्ट्रोलाइटिक मैंगनीज डाइऑक्साइड (ईएमडी) का उच्चतम रिकॉर्ड उत्पादन भी दर्ज किया है. ईएमडी एक 100% आयात प्रतिस्थापन उत्पाद है जिसका उपयोग ज्यादातर बैटरी और फार्मास्यूटिकल्स के निर्माण के लिए किया जाता है. मॉयल के अध्यक्ष सहप्रबंध निदेशक अजीत कुमार सक्सेना ने बाजार की मंद परिस्थिति के मध्य कंपनी के निष्पादन पर हर्ष व्यक्त किया है. उन्होंने आगे उल्लेख किया कि उन्हें मॉयल के कार्यबल पर पूरा विश्वास है जो वर्ष के दौरान 30% से अधिक उत्पादन वृद्धि हासिल करने के अपने लक्ष्य को प्राप्त करेंगे.

BUSINESS LINE DATE:6/8/2023 P.NO9

All that glitters is not gold

Kumar Shankar Roy
bl. research bureau

These days, you may come across social media posts and videos with claims of 'up to 16% p.a. gain' gold schemes. Many are dazzled by this '16%' number. Who is making these claims? What is the product? Well, sometime early this year, fintech app Gullak officially launched 'Gullak Gold+' offering. Gullak allows its users to lease their gold to jewellers and thus earn returns. Here's a lowdown of the offering.

INVEST SMART. Gold+ from Gullak app enables users to lease their gold to jewellers and earn returns

GETTY IMAGES/ISTOCKPHOTO

ABOUT THE OFFERING

Gold+ is a leasing programme facilitated by Gullak along with Augmont (a gold refinery). Gold+ enables the users to be able to lease their gold through the Gullak app.

According to Gullak, the gold metal is leased to jewellers in the country. Jewellers provide security in the form of bank/corporate guarantee to protect the investment. These jewellers pay interest in grams of gold, and that is being passed on to the users.

To use Gullak Gold+, you have to be over the age of 18 years, have a valid PAN and an active bank account. Minimum quantity required to participate in Gold+ is 0.5 gram, and the maximum quantity is 250 grams.

Gold+ in its default form doesn't come with any lock-in. Users can simply un-lease (takes 1-2 days) their gold from the Gold+ programme, and withdraw the amount in equivalent INR value or get the gold delivered in the form of coins/bars. A jeweller can choose to pay back all the gold and close out a lease earlier.

A gold metal lease does not assure the customer of any return in INR terms, only a yield in grams of gold.

The return is paid out in grams of gold. The interest is calculated daily and accrued to Gullak account. This gets deposited into the Gullak account at the end of every month.

Typically, gold leasing yields are between 3 and 6 per cent. Gold+ offers 4 per cent p.a. plan (minimum gold required is 0.5 gm) and 5 per cent p.a. plan (minimum gold required is 10 gms).

SAFETY, REGULATION

Gullak says the invested amount in the form of lease to the jewellers is secured by bank guarantees/corporate guarantees. These guarantees are equivalent to 100 per cent of the total gold quantity leased to the jeweller. These guarantees get invoked in case a jeweller fails to pay the principal amount of the user.

Additional collateral is posted in the event of rising gold prices.

If gold prices shoot up suddenly, it is possible that the jeweller can default on repayments and the recovery of customer gold will be limited to the amount covered by the guarantee/collateral. Enforcing a bank guarantee can take time and recovery may not be within contracted time frame.

Some argue digital gold is treated as a capital asset (i.e. the same as physical gold), on which short-term or long-term capital tax is applicable, depending on the holding tenure. Customers entering into the lease should obtain tax advice independently on this product to ascertain its treatment as a capital asset or individual income.

OUR TAKE

Gold is an asset that has deep sentimental value in households. Also, gold is a safe-haven whenever broader financial assets are in doldrums. But like any market-determined asset class, gold will have its ups and downs.

The '16 per cent return' claim made on the Gullak app is based on '11 per cent historical returns' of gold and '5 per cent' return from gold leasing. Treat it as a marketing ploy only. Investors must understand that gold does not give 11 per cent every year. For instance, the 3-year CAGR rise in the domestic price of gold (up to June 30, 2023) was only 6.04 per cent.

More importantly, both digital gold and gold metal leasing are not regulated in India. So, customers don't have any regulatory recourse in the event that they suffer any losses. Also, nobody can guarantee a customer's capital or any return.

Hence, you should avoid investing in such gold leasing products, and stick to gold ETFs and sovereign gold bonds.

THE HITAVADA DATE:7/8/2023 P.NO6

MOIL posts record production

■ Business Bureau

THE Board of Directors of MOIL approved financial results for the first quarter of FY'2023-24 in its meeting held on Friday. The company achieved best ever quarterly manganese ore production of 4.36 lakh MT in the first quarter of FY'24, registering a significant growth of 36 per cent over corresponding period last year (CPLY).

Recorded best ever first quarter sales performance and registered sales of 3.96 lakh MT in the first quarter of the current financial year, with a growth of 39 per cent over CPLY.

The company recorded positive growth in total income at Rs 405 crore registering increase of 4 per cent over CPLY. Cost of production during the quarter has come down significantly (resulted into lower valuation of the inventory).

As per market reports, import of manganese ore in India has also come down substantially. Despite adverse market conditions witnessing reduction of around 40 per cent in international prices of manganese during the quarter, profit in the first quarter has come down marginally (Rs. 16 crore), on account of much enhanced production level.

MOIL has also registered record highest production of Electrolytic Manganese Dioxide (EMD) during the quarter. EMD is a 100 per cent import substitution product, used mostly for manufacturing of batteries and pharmaceuticals. Ajit Kumar Saxena, CMD MOIL expressed pleasure on the company's performance amidst subdued market conditions. He mentioned that he has full confidence in MOIL workforce, who will translate into reality, stretch goals of achieving over 30% production growth during the year.

NAVBHARAT DATE: 8/8/2023 P.NO4

BUSINESS आपके लिए

मॉयल का जुलाई में भी सर्वश्रेष्ठ उत्पादन

नागपुर, व्यापार प्रतिनिधि. भारी वर्षा की चुनौती के बावजूद मॉयल जुलाई में अपनी उत्पादन की गति को बनाए रखने में सक्षम रहा. जुलाई में प्रारंभ के बाद से अब तक का अपना उच्चतम उत्पादन हासिल किया. जुलाई के दौरान मैंगनीज अयस्क के 1.20 लाख टन उत्पादन के साथ, पिछले वर्ष की इसी अवधि (सीपीएलवाई) की तुलना में 71% की उल्लेखनीय वृद्धि दर्ज की गई है. बिक्री के क्षेत्र में भी मॉयल ने 0.94 लाख टन की अब तक की सर्वश्रेष्ठ बिक्री जुलाई में हासिल की है, जो पिछले वर्ष की तुलना में 69% की प्रभावशाली वृद्धि दर्ज की गई है. अध्यक्ष-सह-प्रबंध निदेशक अजीत कुमार सक्सेना ने एक बार पुनः मॉयल समूह को उसकी उपलब्धियों के लिए बधाई दी. उन्होंने प्रतिकूल मौसम की स्थिति के बावजूद भी उत्पादन बढ़ाने के लिए किए जा रहे निरंतर प्रयासों के परिणामस्वरूप जुलाई के सर्वश्रेष्ठ प्रदर्शन पर हर्ष व्यक्त किया है.

BUSINESS LINE DATE: 8/8/2023 P.NO10

Buy August copper futures now; stop loss at ₹730

Akhil Nallamuthu
bl. research bureau

Copper futures on the MCX, which bounced off the support at ₹720 in the last week of July, broke out of the resistance at ₹745 last week.

But there was no follow through rally post breakout. The contract made a high of ₹757.75 last Tuesday and saw a decline. It closed at ₹740.15 last week. The August futures of copper is currently trading at around ₹738 as the support at ₹734 has been preventing any decline below this level. Until this support holds, there is a good chance for the contract to resume the rally.

COMMODITY CALL.

If there is a rally from here, the copper futures can retest ₹757. A break out of the prior peak can lift the contract to ₹785. The price band of ₹785-800 is a resistance.

On the other hand, if the contract falls below ₹734, it will confirm a head and shoulder pattern on the hourly chart. According to this pattern, the price of copper futures could drop to ₹712. However, as it stands, the pattern is not confirmed and bulls are having an edge over the bears because of the support at ₹734.

Buy copper futures now at around ₹738 with a stop-loss at ₹730. Liquidate the longs at ₹756.

SCCL eyes 20 MT coal production from four new mines in next fiscal

The Singareni Collieries head office at Kothagudem of Bhadradri Kothagudem district. FILE PHOTO

The Hindu Bureau
HYDERABAD

The management of Singareni Collieries Company Ltd (SCCL) has plans to mine 20 million tonnes of coal in the next financial year from the four new opencast mines - Naini (Odisha), VK, Rompedu and Goleti - to be opened later this year.

According to the authorities of the coal company, about 90% of work on the new mines is already completed and the remaining work will be speeded up so that they can be commissioned in December. Although mining is planned to commence this year (fiscal), it is expected to reach the intended extent of 20 million tonnes in the next financial year.

They stated that all clearances and approvals were secured for the Naini mine in Odisha but the work on setting up a coal handling plant (CHP) and railway siding from the CHP to the main railway line is yet to be completed. All arrangements including contract to transport the coal mined to railway siding from the mine would be finalised soon.

Some minor issues related to relief and rehabilitation and removal of trees were also pending but all the works are expected to be completed by December and production would be taken up from January. Naini coal mine also is expected to contribute 10 million tonnes coal to the 20 million planned to be mined from the new mines next year.

The authorities said forest clearances were yet to be secured for VK, Rompedu and Goleti mines but they were making efforts to get them by October-end. By commencing coal production from December this year, the plan is to reach the peak production capacity of 4 million tonnes from VK, 2 million tonnes from Rompedu and 3.5 million tonnes from Goleti from the next financial year.

Singareni aims to become net-zero by October-end next year

B. Chandrashekhar
HYDERABAD

Singareni Collieries Company LTD (SCCL) has decided to invite tenders for the second phase of solar power generation with 240 megawatt capacity in its mining areas next month. The solar plants are proposed to be erected in eight areas.

At a recent meeting, the management of the company decided to speed up the process for development of the second solar power generation by completing the installation of the remaining 76 MW capacity plants of the 300 MW first phase generation. A total of 224 MW capacity solar plants are already into generation as part of the first phase.

The meeting chaired by Chairman and Managing Director N. Sridhar has decided to complete the first phase by October-end and commence installation of the second phase plants immediately. The company has plans to complete the second phase of solar power generation by October 2024 to have a total solar power generation capacity of 540 MW and also become the first net-zero (cutting greenhouse gas emissions to as close to zero as possible) coal company in the country to meet all its energy needs with solar (green) energy. According to the Singareni authorities, locations for setting up the solar power plants of the second phase have already been finalised by the Director (Electrical & Mechanical) of the company D. Satyanarayana Rao by taking up area-wise visit along with the Area General Managers.

Guidelines for tenders and establishment of new solar power plants were being finalised and agencies would be selected through the tenders process.

THE ECONOMIC TIMES DATE:8/8/2023 P.NO9

Indian Diamond Traders Exploring New Markets

US may stop importing diamonds from India as it believes these may have originated from Russian mines

Sutanuka.Ghosal
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Kolkata: Indian traders are looking at destinations such as Vietnam, Cambodia, Thailand, other Asean countries and China to export cut and polished diamonds, as the US may stop importing diamonds of 1 carat and above from India starting January as it believes those may have originated from the mines operated by Alrosa of Russia, a country which is under US sanctions.

Trade sources said the restrictions are expected to be announced in September.

Vipul Shah, chairman of the Gem & Jewellery Export Promotion Council, said: "Discussions with G7 countries, the US, and our government are currently underway. Meanwhile, we are preparing ourselves to enter newer markets. The demand has already slowed down from the US, our major buyer. The industry has to survive and therefore, we have to penetrate other countries."

Recession is not the only factor that has brought down exports of diamonds to the US from India, which is said to cut and polish nine out of every 10 diamonds available globally. "The fear of sanctions and absence of clarity are impacting the trade," said a leading diamond exporter, who did not want to be named.

India's gross exports of cut & polished diamonds in June declined 31.5% to $1.38 billion from about $2.02 billion a year earlier. "This trend is unlikely to change in July too," Shah added.

Incidentally, G7 leaders at their Hiroshima meet last May had pledged to restrict trade in Russian diamonds — worth $4-5 billion a year — as an effort to further obstruct Moscow's war against Ukraine.

Steel imports exceed exports by 74,000 tonnes in July

Abhishek Law
New Delhi

NET IMPORTER

- 5.87 lakh tonnes of steel were imported in July
- Exports for the month were 5.13 lakh tonnes
- This is the fourth time in over a year that India has turned net importer of steel

India turned a net importer of steel in July – for the first time this fiscal – with 5,87,000 tonnes coming in, a report of the Steel Ministry, accessed by *businessline* shows. Exports for the month were 5,13,000 tonnes.

While imports and exports both increased over 30 per cent YoY, lower priced offerings coming in, mostly from China, and slowdown in export offers led to the difference. Imports exceeded exports, for the month, by 74,000 tonnes.

This is the fourth time in over a year that India has turned net importer of steel. In July last year, India had turned net importer of steel for the first time in four-odd years.

Imports in July last year were 4,44,000 tonnes while exports were at 3,80,000 tonnes.

Last year, exports were impacted following a levy by the Centre that sought to bring domestic inflation under control.

"So, while steel exports are up YoY because of July 2022's base effect, on a sequential basis, that is June versus July of 2023, they are at the same 500,000 tonnes (flattish) following poor orders and global recessionary traits. Even for the April - July period of the fiscal (four months) exports are flat, while imports are up by 23 per cent YoY, as per the Ministry's provisional numbers," a Ministry official said.

For April to July period, India remained a net exporter of steel though. Exports were at 25,63,000 tonnes and imports at 19,89,000 tonnes.

SEGMENT-WISE BREAK UP

Incidentally, for July, India's key import item was non-alloyed steel that increased 63 per cent YoY at 411,000 tonnes; making up for 70 per cent of basket. Non-alloyed steel imports last year were 2,52,000 tonnes.

On the other hand, alloyed and stainless steel shipments coming in dipped 8 per cent to 1,76,000 tonnes (from 1,92,000 tonnes). In case of exports, non-alloyed steel shipments increased 190 per cent to 4,54,000 tonnes (from 1,56,000 tonnes); whereas stainless steel and alloyed offerings saw their highest fall of 74 per cent to 58,000 tonnes (from 2,23,000 tonnes).

For April-July period, non-alloyed steel shipments coming to India were 13,18,000 tonnes, up 52 per cent, from 8,70,000 tonnes in the year-ago-period. Alloyed and stainless imports declined 10 per cent YoY to 6,70,000 tonnes (from 7,46,000 tonnes).

In case of exports, there was an 11 per cent increase in non-alloyed steel shipments at 22,74,000 tonnes (up from 20,41,000 tonnes) while stainless and alloy steel shipments fell 45 per cent to 2,89,000 tonnes (from 5,29,000 tonnes).

Hindalco Q1 Profit Slumps 40% on Weak Volumes, Metal Prices

ON A SEQUENTIAL BASIS Co's sales fell by 5%, while bottom line increased by 2%

Our Bureau

Mumbai: Hindalco Industries saw its consolidated net profit slump 40% on year to ₹2,454 crore in the June quarter as weak prices of aluminium and volumes remaining subdued weighed on both its domestic and overseas operations.

Revenue of the Aditya Birla group company fell 9% on year to ₹52,991 crore, while earnings before interest, tax, depreciation and amortisation fell by nearly a third on year to ₹6,109 crore.

On a sequential basis, sales fell by 5%, but operating profit rose by 5%, while the bottom line was 2% higher.

The sequential improvement in performance was driven by a recovery at US-based subsidiary Novelis and the downstream aluminium business in India, and was backed by a steady performance in the copper business, the company said in a statement.

"FY24 has started on a promising note. Our focus on expanding our value-added portfolio and operational efficiencies has enabled us to deliver a sustained performance in the face of continued macroeconomic pressures," Satish Pai, the managing director of the company said in a statement.

The company's consolidated net debt to operating profit ratio rose to 1.73 times at the end of the June quarter as compared to 1.39 times as on March-end.

At Novelis, the company's wholly-owned subsidiary in the US, earnings and profitability are seen improving from the current quarter onwards as the de-stocking of beverage cans by consumers has ended, Pai told reporters in a call post earnings.

The cost of production for aluminium in India, which was 2% lower in the June quarter as compared to the March quarter, is expected to reduce by another 3% sequentially in the current quarter, he said.

Pai sees prices of aluminium remaining in the range of $2,100 - $2,300 per tonne on the London Metal Exchange.

Hindalco reported its earnings during market hours, and its shares closed at ₹454.75 on the National Stock Exchange, down more than 2% from the previous close.

PLI 2.0 in Works for Steel, Focus on Import Substitution

Initiatives being taken to meet requirements of Railways

Twesh.Mishra@timesgroup.com

New Delhi: The government is working on a second leg of the performance-linked incentive (PLI) programme for the steel sector, focused on import substitution.

"The steel ministry is likely to come up with PLI-2 which will further take care of the requirements of the Indian Railways and various other segments," steel secretary Nagendra Nath Sinha told **ET**.

Companies participating in the first phase of the PLI scheme for the sector have committed to an investment of ₹29,530 crore, with a downstream capacity addition of 24.78 million tonnes. The government has earmarked ₹6,322 crore for providing incentives to the steel sector under the PLI plan.

Results of the scheme will be visible from 2026, Sinha said, responding to a query on the demand for steel products from the Indian Railways and the need for imports to meet them.

"The steel ministry is pursuing with the Indian steel sector to take urgent initiatives to meet the domestic requirements of the Indian Railways," he said, adding that agreements have been signed by Steel Authority of India Ltd (SAIL) for asymmetric and hardened rail for the special grade requirements of the railways.

State-run SAIL is currently meeting the national transporter's entire requirement of R-260 grade steel for rails.

"The requirement of new head hardened grade of rails in R-350/1175 grade is also likely to be produced in 2023 by SAIL and supplied to the Indian Railways," Sinha said. Once deployed, these tracks will allow faster movement of trains. The Indian Railways is fast upgrading rolling stock with modern Vande Bharat trains, but antiquated track infrastructure currently curtails speed.

BUSINESS LINE
DATE: 9/8/2023 P.NO10

COMMODITY CALL.

Hold the longs in zinc

Gurumurthy K
bl. research bureau

Zinc prices have come down slightly over the last one week. The Zinc Futures contract on the Multi Commodity Exchange made a high of ₹228.45 per kg last week and has come down from there. It fell to a low of ₹219.55 and is trying to bounce back. The contract is current trading at ₹222 per kg.

Immediate support is at ₹220. Below that ₹218 is the next support. Resistance is at ₹217.50 – the 100-Day Moving Average (MA). A trendline is also poised near ₹217. As such a fall below ₹217 is less likely. Dips below ₹220 are likely to be bought.

The chances are high for the zinc futures contract to breach the resistance at ₹217.50 in the coming days. Such a break can take the contract up to ₹238-240 and even higher in the short-term.

The outlook will turn negative only if the Zinc Futures contract declines below ₹217. In that case a test of ₹214 is possible.

TRADE STRATEGY

Last week, we suggested to go long at ₹226 and ₹222. The average holding rate of this position is now at ₹224. Hold this long position. Retain the same strategy.

Keep the stop-loss at ₹215. Revise the stop-loss up to ₹230 when the contract moves up to ₹235. Exit the long positions at ₹242.

DAINIK BHASKAR DATE: 9/8/2023 P.NO5

मॉयल का उत्पादन 36% बढ़ा

नागपुर| मॉयल के निदेशक मंडल की बैठक में वित्त वर्ष 2023-24 की पहली बैठक के लिए वित्तीय परिणामों को मंजूरी दी गई। रिपोर्ट के अनुसार वित्त वर्ष 2024 की पहली तिमाही में अब तक का सर्वश्रेष्ठ तिमाही मैंगनीज अयस्क का उत्पादन 4.36 लाख मीट्रिक टन रहा है, पिछले वर्ष इसी अवधि (सीपीएलवाई) की तुलना में 36% की वृद्धि दर्ज की गई है। सीपीएलवाई की तुलना में 39% की वृद्धि के साथ, चालू वित्त वर्ष की पहली तिमाही में अब तक का सर्वश्रेष्ठ पहली तिमाही बिक्री निष्पादन एवं 3.96 लाख मीट्रिक टन की बिक्री पंजीकृत की गई। कंपनी ने पिछले वर्ष की इसी अवधि की तुलना में 4% की वृद्धि दर्ज करते हुए कुल आय में 405 करोड़ रु. की सकारात्मक वृद्धि दर्ज की। तिमाही के दौरान उत्पादन लागत में काफी गिरावट आई है। बाजार रिपोर्टों के अनुसार, भारत में मैंगनीज अयस्क के आयात में भी काफी कमी आई है। मॉयल के अध्यक्ष-सह-प्रबंध-निदेशक अजीत कुमार सक्सेना ने बाजार की मंद परिस्थिति के मध्य कंपनी के निष्पादन पर हर्ष व्यक्त किया है।

THE HITAVADA DATE:10/8/2023 P.NO6

Coal imports fall 1.82 per cent to 68.30 MT in April-June

■ Business Bureau

INDIA'S total coal imports fell 1.82 per cent to 68.30 million tonne in April-June period of ongoing financial year, according to a report.

The import was at 69.57 MT in the same period a year ago, mjunction said in its latest report. The import included non-coking coal, coking coal, anthracite coal, pulverised coal injection (PCI) coal, met coke and pet coke, it said.

During the period, non-coking coal import stood at 42.99 MT against 47.44 MT in the same period last year, while coking coal import was 15.89 MT against 14.61 MT imported a year ago.

In June 2023, the import stood at around 21.03 MT, down 25.21 per cent as against 28.11 MT imported in the same month last year. India is among the top five coal-producing countries in the world. However, some parts of its coal requirement are met through imports as the country is also among the major consumers of the dry fuel.

For coking coal -- a key raw material used in steel making -- the country remains heavily dependent on imports.

Vinaya Varma, Managing Director and Chief Executive Officer, mjunction, said, "In line with expectation, there was a dip in demand for imports at the onset of monsoon, despite weakness in seaborne prices. Demand is likely to rebound once the rainy season is over and there is a pickup in industrial activity ahead of the festive season."

BUSINESS LINE
DATE:11/8/2023PNO10

COMMODITY CALL.

Aluminium: Accumulate on dips at ₹200

Gurumurthy K
bl. research bureau

Aluminium prices have been stable over the past week. Barring the short-lived rise to ₹204.65 per kg earlier last week, the aluminium futures contract on the Multi Commodity Exchange (MCX) has been broadly range-bound. The trading range has been ₹199-203. The contract is currently trading near the lower end of this range at ₹201 per kg.

The region between ₹200 and ₹199 is a strong support. A trendline and the 21-day moving average, both are poised in this zone and that makes it a strong support. We expect the aluminium contract to sustain above this ₹200-199 support zone and rise to ₹205-206 in the short-term. The chances of the upside extending even up to ₹207-207.50 cannot be ruled out.

The contract will come under pressure only if it breaks below ₹199. Such a break will turn the outlook bearish and drag the contract down to ₹195 and lower.

TRADE STRATEGY

Traders can go long now. Accumulate on dips at ₹200. Keep the stop-loss at ₹198. Trail the stop-loss up to ₹202 as soon as the contract moves up to ₹203. Move the stop-loss further up to ₹203.50 when the contract touches ₹204.50. Exit the long positions at ₹206.

BUSINESS LINE DATE: 11/8/2023 P.NO12

Steel demand stable despite gloomy global outlook: TV Narendran

bl.interview

Suresh P. Iyengar
Mumbai

The steel industry is bouncing back with falling input cost and somewhat stable demand despite the gloomy outlook in the global markets. *businessline* spoke with TV Narendran, Managing Director, Tata Steel, on the road ahead. Excerpts:

> Rural markets have been a bit slow, but are starting to pick up and, if monsoon is good, we will have a better second half
>
> **TV NARENDRAN**
> Managing Director, Tata Steel

Has the last quarter been challenging?
I have been in this industry for 35 years. I think, we have to learn to deal with the cycles, and that's inevitable. Last quarter, we had an EBITDA margin of 20 per cent in the India business due to low coal prices, and the net profit was ₹4,100 crore.

Even in difficult times, we had a strong performance and, if we were to double this business in the next few years, you can see the impact.

In Europe, we are in a slightly unique situation because the Netherlands (unit), which was always PAT (profit after tax) positive, is now negative because we are realigning a blast furnace. Only one of the two blast furnaces is being operated and volumes are at 60 per cent of normal levels. From the September quarter, Netherlands (operations) will get back on track.

Is there any apprehension of demand slowdown in India?
Demand from the auto sector was strong. We expected more demand from construction, but still it was not bad. Rural markets have been a bit slow, but are starting to pick up and, if monsoon is good, we will have a better second half. The falling inflation will also help us. We are not so much concerned about demand in India. Despite better demand, steel prices are soft as domestic prices were reflecting the international trend.

I expect a stronger H2 than H1 for us. The big elephant in the room is China. Its recovery has been a bit disappointing and efforts are on to pump it up.

With debt levels rising, any rethink on your capital expenditure?
No. We had guided ₹16,000 crore for the year. We have already spent ₹4,000 crore in the first quarter, mostly for the Kalinganagar project, which we want to complete fast. We reduced debt to ₹67,000 crore and it has gone up to ₹71,000 crore, largely due to higher working capital.

If H2 turns out to be good, we will have more headroom. The original plan was to deleverage by billion dollars despite spending ₹16,000-crore capex. The first half has been more challenging than we had thought, but it is too early to give up on that target.

How is the production of green steel progressing?
We had set up a 0.5-million-tonne recycling plant in Rohtak. This will feed scrap to the electric arc furnace being set up at Ludhiana in Punjab. We got the environment clearance last week for the electric arc furnace and, in the next two years, once we get the consent, we'll set up the 0.75-million-tonne scrap-based steelmaking unit — very high-end from an energy efficiency point of view.

The product will be Tata Tiscon Rebars, but it will have a carbon footprint of less than 0.2 tonne per tonne of steel because we will be using scrap, using a lot of green energy to recycle it.

We can replicate this model because it needs only 100 acres for the rolling mill and maybe another 50 acres for the scrapyard. We will not need 3,000 acres like for an integrated steel plant.

Once successful, we can replicate this model in other states where scrap is available, where energy costs are competitive, and there is a demand for reinforcing steel. We can have one such plant in the west, south and north.

Can you import scrap for your electric arc furnace?
It would be expensive to import. We are already a big buyer of scrap in India because we are using it in our existing facilities in Jamshedpur, Meramandali and Kalinganagar — the more scrap you use in the existing process, the carbon footprint comes down. We are buying over one million tonnes of scrap across the country and shipping to Jamshedpur, Meramandali, and Kalinganagar.

THE ECONOMIC TIMES DATE:11/8/2023 P.NO13

MMDR Amendment Act Gets Prez Nod

Our Bureau

New Delhi: The Mines and Minerals (Development and Regulation) (MMDR) Amendment Act, 2023, received presidential assent on Thursday.

The Act empowers the central government to auction mines and ramp up production of 26 critical minerals in the country. Lithium, cobalt, and graphite output may get a fillip as the Centre hopes to speedily invite bids for mining of these minerals.

This is the fifth amendment to the MMDR Act, 1957, since 2014. Earlier changes included mandating e-auction for mineral resources and allowing extension of mining leases which were expiring.

BUSINESS LINE DATE: 12/8/2023 P.NO7

₹34,000-crore worth of four critical minerals imported in FY23

Abhishek Law
New Delhi

India's import of four critical minerals – lithium (apart from lithium ion), cobalt, nickel and copper – was around ₹34,800 crore in FY23, and reliance across these minerals is anywhere between 93 per cent and 100 per cent.

Highest import was in the copper ore and concentrate category at ₹27,400 crore.

Nearly 11,78,920 tonnes of the mineral were shipped into the country last fiscal. Import reliance was 93 per cent, as per a response by Union Minister of Mines, Pralhad Joshi, in Parliament.

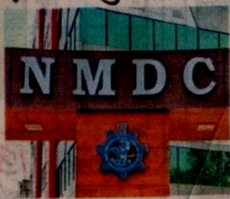
The second most imported item that was imported was unwrought nickel (which is not in finished or processed form) at ₹6,550 crore. Nearly 32,300 tonnes of the mineral came in. India is 100 per cent import reliant in the segment.

As much as ₹732 crore worth of lithium ore across two categories – lithium oxides and lithium carbonates – were imported. This does not include lithium ion imports. The country is fully reliant on imports for lithium ore and around 2,144 tonnes were imported.

Around 172 tonnes of cobalt, another critical mineral where dependence on imports is 100 per cent, came into the country at a cost of nearly ₹72 crore.

NAVBHARAT DATE: 13/8/2023 P.NO7

NMDC को 1,661 करोड़ का मुनाफा



दिल्ली. लौह अयस्क कंपनी एनएमडीसी का चालू वित्त वर्ष की अप्रैल-जून तिमाही में एकीकृत शुद्ध लाभ 13 प्रतिशत बढ़कर 1,661.04 करोड़ रुपये पर पहुंच गया है. इससे पिछले वित्त वर्ष की समान तिमाही में कंपनी ने 1,471.24 करोड़ रुपये का शुद्ध लाभ कमाया था. शेयर बाजारों को भेजी सूचना में कंपनी ने कहा कि तिमाही के दौरान उसकी कुल आय बढ़कर 5,688.87 करोड़ रुपये पर पहुंच गई जो एक साल पहले समान तिमाही में 4,913.06 करोड़ रुपये रही थी. तिमाही के दौरान कंपनी का खर्च भी 2,968.94 करोड़ रुपये से बढ़कर 3,476.55 करोड़ रुपये पर पहुंच गया. हैदराबाद की यह कंपनी इस्पात मंत्रालय के तहत आती है. यह देश की सबसे बड़ी लौह अयस्क खनन कंपनी है.

Richa Sharma

Steel in Rainbow Colours

India Inc should embrace Tata Steel's initiatives to promote diversity and inclusion in the workforce

It was a routine orientation session for 148 management trainees on the Tata Steel campus in Jamshedpur in mid-May. Minutes after they were briefed about the company's diversity and inclusion (D&I) policy, one of the recruits took hold of the microphone and announced that he was gay.

He was Saurabh Jaiswal, a 24-year-old graduate from the Institute of Rural Management Anand (IRMA), Gujarat. He was among the first cohort that Tata Steel took in as part of a campus recruitment programme called QUEERious, which enables students from the lesbian, gay, bisexual, transgender, queer, intersex and asexual (LGBTQIA+) community to join the company.

"I am confidently vocal about my sexuality, and I wanted each and everyone at the session to know who I am," Jaiswal tells **ET Prime**. In a healthy discussion that followed, he answered queries and asked his colleagues how they thought the place, especially plant sites, could become more inclusive for the LGBTQIA+ community. "They were all appreciative. I gave ample time for them to get acquainted with the fact that my sexuality is a minuscule part of me. My gender expression gives me a lot of confidence and increases my productivity and my potential," he says.

Jaiswal was one of the 10 finalists of the QUEERious initiative in August 2022, of which four were given pre-placement offers at Tata Steel.

A year down the line, Tata Steel has launched QUEERious 2.0, a more comprehensive programme, and the response has been phenomenal—a 240% jump in registration, including from prominent B-schools and T-schools.

It is a unique initiative by Tata Steel among the Tata group companies. There are some checks and balances in the recruitment process to prevent the misuse of the initiative and to ensure people from the community get the benefit.

Rishi Agarwal, head–Asia, FSG, says implementing diversity and inclusivity policies comes with fair share of challenges. FSG is a consulting firm that partners with foundations and corporations to create equitable systemic change. "There might be resistance to change from certain quarters of the organisation. Introducing new practices and policies can lead to discomfort and pushback. While challenges exist, companies that navigate them effectively stand to benefit from a more innovative and productive workforce, ultimately contributing to their long-term success," says Agarwal.

ETPrime

Investor attention to environmental, social and governance (ESG) metrics has encouraged organisations to implement diversity, equity and inclusion (DEI) initiatives.

Corporate houses, including Godrej, have launched a platform, Project Rainbow, which focuses on hiring from the queer community while Accenture has strategic external partnerships for the recruitment of LGBTQ community. Axis Bank's Pride 365, a pride and allies' group, has grown to 423 employees from 13 in 2021, and Capgemini has introduced gender-affirmation surgery leave of 30 days. Vedanta Aluminium has also rolled out a new gender reaffirmation policy for LGBTQ+ employees.

As Tata Steel opens its arms to the LGBTQIA+ community, it has refined the second edition of the QUEERious programme, with inputs from recruits in the first.

"We intend to position QUEERious as one of the most desired programmes for students from the LGBTQ+ community. We have expanded the reach of QUEERious in its second season and have received a tremendous response, with registrations of over 1,600+ students from 117 campuses," says Jaya Singh Panda, chief diversity officer, Tata Steel. As of July 19, it received 1,615 registrations compared with 481 in 2022.

"Participants will go through a rigorous selection process, and winners will be offered internship and career opportunities with Tata Steel. Going forward, we will keep on adding new elements to this initiative to make this one-of-its-kind programme for LGBTQ+ talent," adds Panda.

The competition was conducted in two rounds. In round 1, a case study was shared with candidates over mail to which they replied via a short presentation. In round 2, select candidates from the first round were invited to give a detailed presentation on the problem statement. The competition is open only to undergraduate and postgraduate students from the LGBTQ+ community.

Jaiswal has come out in the open about his sexuality, but others who joined with him have not, and their identities are guarded to give them privacy. The company ensures that

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CONT…FROM PAGE 29

THE ECONOMIC TIMES DATE:13/8/2023 P.NO5

TATA STEEL'S DIVERSITY & INCLUSION POLICY

Enabled LGBTQ+ staff to declare partners and avail all HR benefits

Medical expense reimbursement and special leave for employees undergoing gender reassignment surgery

Same-sex partners covered under company policies and company-sponsored medical schemes

Adoption leave, newborn parent leave and childcare leave for gay/ lesbian and transgender couples

Inclusion in honeymoon package and domestic travel coverage for new employees

Take-2 initiative, a diversity project for career comeback meant for spouses, extended to same-sex partners

Source: Tata Steel policy

DIVERSITY & INCLUSION IMPACT HIGHLIGHTS

8.6% increase in managers identifying as women in Tata Steel from 2019 to 2021

95% increase in applications received for the women-in-engineering scholarships, from 500 in 2019 to 975 in 2021

More than 100 transgender people have been hired by the company till 2022

18% increase in diversity mix from 2020 to 2022 (excluding newly acquired Tata Steel Meramandali plant)

Women hired in managerial positions rose from 16% in 2017 to 30% in 2022

Source: World Economic Forum report

only the talent acquisition team knows about QUEERious recruits.

"I have worked with the D&I team for the second version and reached out to my community circles to make them aware of this corporate opportunity. There are many among the community who are closeted about their sexuality. Your identity is kept confidential here," says Jaiswal, who worked on his first project in Tata Steel's New Material Business Sales and Marketing vertical.

On his experience working in the organisation as a recruit for the last three months and as an intern before, Jaiswal says the first conversation with his immediate boss was about D&I. "In the first meeting with him I said am gay, that I work with D&I, and this is who I am. He was very acceptable and normal," says Jaiswal.

How does the company ensure that the policy is not misused?

Panda says the company gets a self-declaration from the candidates at the time of registration for QUEERious and, in the case of transgender candidates, a government-issued certificate is sought during recruitment.

The programme is an important part of the company's environmental, social and corporate governance (ESG) planning as it addresses the "social" part by prioritising D&I. The target is to achieve 25% diversity in the workforce of Tata Steel by 2025 compared with 18.95% in FY2022-23.

More than 100 transgender people have been hired by the company till 2022. It runs workforce sensitisation programmes at regular intervals to apprise them about the company's D&I policy. MOSAIC, Tata Steel's D&I initiative, was launched in 2015 and in December 2019, it expanded its D&I policy with a new LGBTQ+ inclusive policy.

DIVERSITY IN INDIA INC

The DEI initiatives have been catching the attention of companies, albeit at a sluggish rate, says a report 'Global Parity Alliance: Diversity, Equity and Inclusion Lighthouses 2023' by World Economic Forum's Centre for the New Economy and Society in collaboration with McKinsey and Company.

"Ethnically diverse companies and gender diverse companies are 36% and 25% more likely, respectively, to financially outperform (from a total return to shareholders perspective) organisations that are of average diversity in their industry. Studies show greater diversity can help teams focus more on facts, process those facts more carefully and generate more creativity and innovation when the broader organisation is inclusive and equitable," cites the report released in January 2023.

India Inc is treading the path cautiously. Deloitte's India ESG preparedness survey report released in May finds the readiness to meet expectations around inclusion, diversity and equity less than optimal. Only 25% organisations consider themselves to be well prepared in this regard, with the rest being moderately prepared (45%) or somewhat prepared (29%), according to the survey that covered 150 organisations.

FSG's Agarwal says that the degree of readiness among corporate houses varies. Though there is an encouraging shift towards recognising the importance of diversity and inclusivity, more needs to be done to fully align their strategies, policies and practices with ESG principles. "This isn't about ticking boxes, but about fostering a culture where every individual's unique background and perspective is acknowledged and celebrated. Some companies have actively embraced this paradigm shift, understanding that diversity enhances creativity and innovation, and inclusivity creates a sense of belonging that drives employee engagement," he says.

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BUSINESS LINE DATE: 14/8/2023 P.NO3

Lead prices likely to rule stable in a balanced market

KEY SUPPLIER. China exporting lead to make up for slack production in major demand centres such as the US and Europe

Subramani Ra Mancombu
Chennai

Lead prices will likely rule stable in the second half of 2023 despite a nearly 10 per cent decline since the beginning of this year as the market appears to be fairly balanced.

"The global lead market was fairly balanced over the first half of 2023 and we expect this to persist over the coming months. Weak production in major demand centres such as Europe and the US will continue to be offset by refined lead exports from China," said research agency BMI, a unit of Fitch Solutions.

According to World Bank's Prospects Group Senior Economist Jeetendra Khadan and research analyst Kaltrina Temaj, lead prices are expected to fall by less than 5 per cent this year. Their estimate in based on the recovery in supplies.

LEADING EXPORTER. China exported 46,000 tonnes of refined lead in the first quarter, up 25 per cent year-on-year.

PRICE FORECAST

"We expect lead prices to remain fairly stable over the second half of 2023. As a result, we maintain our 2023 average price forecast at \$2,150/tonne, which would be similar to the \$2,145/tonne average in 2022," BMI said in its outlook for lead.

On Thursday, lead three-month contract on the London Metal Exchange was bid at \$2,127, while spot lead was bid at \$2,118. Prices averaged \$2,114/tonne during January-July. "Our price forecast implies an average of \$2,201 over the remainder of the year," the research agency said.

Prices are expected to remain stable as weak production in major demand centres such as Europe and the US will be offset by refined lead exports from China. "Exports from China will be sustained by weak demand growth in the country," BMI said.

Shanghai Metal Market (SMM) News said China's output of secondary lead increased month-on-month by over 3 per cent to 3.75 lakh tonnes in July, though it was down over 5 per cent year-on-year. However, the production will be lower in August at 3.53 lakh tonnes on tight supply of battery scrap that is used for making secondarily lead.

AUGUST INGOT SUPPLY

SMM said August lead ingot supply will likely increase, mainly from the restart of secondary lead smelters and the commissioning of new ones. "With the background of increased supply, in addition to the pressure of lead ingot accumulation, it also promotes the competition of raw materials such as waste batteries to become white-hot," it said.

BMI said China exported 46,000 tonnes of refined lead in the first quarter, up 25 per cent year-on-year. China became a net lead exporter in September 2021. Since then, it exported 95,000 tonnes of refined lead in 2021 and 116,500 tonnes in 2022, the highest since 2007.

Though China announced stimulus measures in July, it is far short of the policies adopted last year when the economy took a hit due to the Covid pandemic. The newly-announced measures are unlikely to spur the economy in a big way, the research agency said.

BEARISH OUTLOOK

Outside of China, lead demand in Europe will be constrained by weak economic activity. "We maintain our view that the eurozone will enter a mild technical recession in H223, but we are now slightly more bearish on the economic outlook," BMI said.

The research agency sees the German economy contract by 0.6 per cent due to inflation and tight financial conditions, while Spain and Italy's GDP are likely to grow by 1.4 per cent and 0.7 per cent, respectively. France's GDP will increase by 0.5 per cent.

In the longer term, BMI expects lead prices to gradually rise. "We forecast an annual average deficit of 59,000 tonnes over 2023-2032 compared to an average surplus of 38,000 tonnes over the previous ten years," it said.

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Bears take control

BULLION CUES. Gold and silver can fall more

Akhil Nallamuthu
bl. research bureau

The precious metals declined last week. In terms of dollars, gold and silver were down 1.5 per cent and 2.8 per cent to close at $1,913.3 and $22.7 respectively.

Similarly, on the Multi Commodity Exchange (MCX), gold futures was down 1 per cent, as it closed the week at ₹58,906 per 10 gram. Silver futures fell 3.5 per cent to end at ₹69,976 per kg.

MCX-GOLD (₹58,906)

Gold futures (October series) broke below the lower band of the ₹59,300-60,320 range. This has turned the outlook negative. However, the driver of the price of gold futures — gold in the international market is near a support. Therefore, we cannot consider the trend in MCX gold futures as outright bearish.

The nearest support is at ₹58,000. A breach of this can drag the contract to ₹56,000. On the other hand, the immediate resistance level can be ₹59,300. Subsequent hurdle is at ₹60,320.

Trade strategy: While MCX gold futures has turned bearish, the downside can be limited as the gold in dollar terms has a considerable support. Therefore, we suggest staying on the sidelines for now.

MCX-SILVER (₹69,976)

Silver futures (September contract) declined for the fourth consecutive week, showing strong bearish momentum. It also dropped below the 200-day moving average.

However, there is a support at ₹68,500 and ₹69,000. So, from the current level, the contract might fall to this support band and then witness a corrective rally. Such an up move can lift the contract to the ₹72,500-73,000 price band.

But eventually, the contract is likely to resume the downtrend and can decline to ₹67,000. A breach of this can lead to a fall to ₹63,000.

Trade strategy: Although the bears are likely to be in control, the risk-reward ratio is not favourable for fresh short positions at the moment. So, we recommend waiting for now and going short on silver futures if there is a corrective rise.

Copper futures: Go short

Gurumurthy K
bl. research bureau

Copper prices have declined, breaking below support, contrary to our expectations for a bounce. Last week we said the copper futures contract on the MCX could bounce back from the support at ₹734 per kg. But the contract has declined below this support. It made a low of ₹721.25 and is currently trading at ₹726 per kg. The near-term view is negative.

COMMODITY CALL.

Strong resistance is seen in the ₹733-736 region. A cluster of moving averages are poised in this region, which makes it a strong resistance zone. As such, an immediate rise above ₹736 looks less likely for now.

The copper futures contract can fall to ₹713-712 in the next few days. The price action, thereafter, will need close watch. Failure to bounce back from the ₹713-712 support zone will be bearish. In that case, the contract can fall to ₹700 and even ₹690.

If the copper contract manages to bounce back from around ₹712, it can rise to ₹730-735. Traders can go short for now. Accumulate shorts on a rise to ₹732. Keep the stop-loss at ₹736. Trail the stop-loss down to ₹724 as soon as the contract falls to ₹721. Move the stop-loss further down to ₹719, when the contract touches ₹717 on the downside. Exit the short positions at ₹714.

SAIL expects steel prices to improve from September

Abhishek Law
New Delhi

Steel Authority of India Ltd (SAIL) expects an improvement in bottom-line September onwards as average selling prices improve.

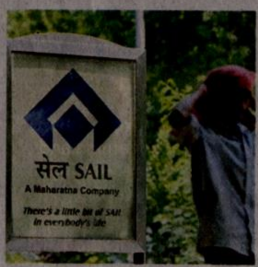
According to Anil Kumar Tulsiani, Director (Finance), SAIL, the average sale price (ASP) in the second quarter of FY24 is likely to be lower but is projected to improve "onwards the second fortnight of September". The Q2 period generally covers the monsoon, a lean period in commodity demand.

The blended hard coking coal cost, which was around ₹25,800 per tonne in Q1FY24, is expected to reduce to ₹22,000-23,000 per tonne in 2QFY24. Benefits of lower coking coal prices are expected to come into play in the last fortnight of July–September period. In Q1, SAIL's cost of imported coal was ₹28,000 per tonne, while domestic coal cost was ₹12,000 per tonne. Blending was in the ratio of 85:15 (imported to indigenous).

COAL IMPORT

"So, in Q2 the cost of imported coal is expected to be in the ₹23,000–24,000 per tonne range and indigenous coal at ₹12,500 per tonne. Blended cost would be in the ₹22,000 per tonne range," he said during the post results analysts call.

Tulsiani said SAIL wants to increase contribution from domestic merchant miners to 20 per cent (from 15 per cent), thereby reducing dependency



on imports. It has approached Bharat Coking Coal Ltd (BCCL) to set-up washeries and is developing the Tasra coking coal mine, which will supply around 1.6 – 1.7 mt.

Steel prices for the CPSE was around ₹57,700 per tonne for flat products, while for the longs it was around ₹55,000 per tonne. In Q2, prices are currently around ₹1,000 per tonne lower (on an average).

"The fall (in sale prices) is a matter of concern. But we are now seeing some stability in July and also into August. There is some resistance now and in the second fortnight of September things may start looking good for us.," he said.

CAPEX PLANS

SAIL has set a capex target of ₹6,800 crore for FY24 and while it aims to achieve 35mt of crude steel production by FY32.

To support this, the company currently has plans to increase production via de-bottlenecking to the tune of 3 -3.5 million tonnes (mt); capacity enhancement at IISCO by 4.5 mt; and capacity increase at BSL (Bokaro) by 3 mt.

"In-principle Board approval have been received for these projects. And with de-bottlenecking on, we do expect reasonable EBITDA expansion," Tulsiani said.

In Q1FY24, SAIL saw its EBITDA go down 28 per cent YoY to Rs 1600 crore because of higher input costs, volatility in steel prices and lower volumes that was partially offset by lower coal cost.

DEBT REDUCTION

SAIL expects de-leveraging of ₹4,000 crore in FY24, over March 2023 levels.

For Q1, the debt increased by ₹3,800 crore-odd to ₹29,400 crore resulting in an increase in finance cost. The current debt to equity ratio stands at 0.6:1.

Tulsiani said SAIL has not increased the borrowings in July and August; and "majority of the deleveraging would be undertaken in the second half of the fiscal".

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JSPL Top Steel Pick Yet Again, SAIL's Debt Clouds Prospects

Strong balance sheet, profitability outlook lead to JSPL price targets raised by 8-18%; state-owned firm 'fully priced': Analysts

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Mumbai: Jindal Steel and Power's (JSPL) strong balance sheet and prospects of a further improvement in profitability have analysts vouching for it as the steel sector's top pick yet again. They remain wary about state-owned peer SAIL given its high debt levels.

Both the steel majors announced earnings for the June quarter last week.

Most brokerages have raised the target price for shares of Jindal Steel by 8-18% while retaining their 'buy' rating on the stock, which fell 5.2% to ₹662.25 on Monday.

Jindal Steel's operating profit surpassed estimates helped by lower raw material costs and other operational efficiencies, while its debt levels fell to a 15-year low even after the company spent nearly ₹1,900 crore on capital expenditure during the quarter.

The company also got approvals for two of its coal mines — Utkal C and Gare Palma IV/6 — which are starting production by the next quarter, reducing the company's cost by as much as ₹1,000 per tonne.

Jindal Steel has four captive coal mines, which can fully meet its requirements, even when the

company increases its production to around 16 million tonnes.

"With a strong balance sheet to support growth, increasing raw material security and low cost of production, JSP remains well positioned to withstand cyclical challenges...," JM Financial Institutional Equities said.

SAIL's operating profit, meanwhile, fell short of estimates because of lower volumes and high input costs, while debt rose for the fifth consecutive quarter, even after a 72% surge in FY23.

The company's net debt to operating profit ratio is currently at a little over three times, and Kotak Institutional Equities expects this to continue between 2024-26.

"As SAIL stands at the cusp of the next expansion phase, we see the risk of an extended period of high capex, negative FCF (free cash flow) and rising leverage," the brokerage said in a note.

SAIL plans to raise its production capacity by around 10 million tonnes through a combination of brownfield and debottlenecking expansions. Its previous capacity expansion phase between 2010-20 saw the company's net debt rise to ₹53,400 crore from a net cash position of ₹600 crore in FY10, the brokerage said.

Shares of SAIL are "fully priced" in, Motilal Oswal Securities said, expecting lower off-take to weigh on the company's performance. SAIL shares 4.5% to ₹87 on Monday.

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