



KHANIJ SAMACHAR

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खनिज समाचार

KHANIJ SAMACHAR



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INDIAN BUREAU OF MINES

VOL. 8, NO – 16, 16th – 31th AUGUST 2024

National Coal Index declines 3.48% in June at 142.13 points

Our Bureau
New Delhi

The National Coal Index (NCI) has shown a significant decline of 3.48 per cent in June at 142.13 points on a provisional basis compared to 147.25 points in June

2023, pointing towards sufficient availability of coal at cheaper prices in the domestic market.

Additionally, the premium on coal auctions indicates the pulse of the industry, and the sharp decline in coal auction premium confirms the sufficient coal availability in

the market. The impressive growth of 14.58 per cent in the country's coal production during June ensures a stable supply to various sectors reliant on coal, significantly contributing to the overall energy security of the nation, Coal Ministry said.

India's cumulative coal

production rose 14.58 per cent y-o-y to 84.71 million tonnes (mt) in June 2024, from 73.93 mt during June 2023.

The downward trajectory of the NCI signifies a more equitable market, harmonising supply and demand dynamics.

With sufficient coal availability, the nation can not only address burgeoning demands but also underpin its long-term energy requisites, thereby fortifying a more resilient and sustainable coal industry and fostering a prosperous future for the nation, it added.

अप्रैल-जुलाई के दौरान 12.64 अरब डॉलर रहा सोने का आयात 4.23% गिरा



■ दिल्ली, न्यूज एजेंसियां। भारत का सोने का आयात वैश्विक आर्थिक अनिश्चितताओं के कारण चालू वित्त वर्ष (2024-25) में अप्रैल-जुलाई के दौरान 4.23 प्रतिशत घटकर 12.64 अरब डॉलर रह गया है। सोना आयात का देश के चालू खाता घाटे (सीएडी) पर असर पड़ता है। पिछले साल समान अवधि में यह 13.2 अरब डॉलर था।



अकेले जुलाई में आयात 10.65 प्रतिशत घटकर 3.13 अरब डॉलर रह गया, जबकि पिछले साल इसी महीने में यह 3.5 अरब डॉलर था। जून (-38.66 प्रतिशत) और मई (-9.76 प्रतिशत) के दौरान भी आयात घटा है। हालांकि अप्रैल में आयात बढ़कर 3.11 अरब डॉलर हो गया, जो अप्रैल, 2023 में एक अरब डॉलर था। एक आभूषण कारोबारी के अनुसार, ऊंची कीमतें आयात को हतोत्साहित कर रही हैं, लेकिन सितंबर से इसमें तेजी आएगी क्योंकि भारत में त्योहारी सत्र शुरू हो जाएगा और आयात शुल्क में कटौती का लाभ भी मिलेगा। सरकार ने सोने और चांदी पर सीमा शुल्क 15 प्रतिशत से घटाकर छह प्रतिशत कर दिया है। अंतरराष्ट्रीय बाजारों में कीमती धातुओं की कीमतों में उछाल के बीच 14 अगस्त को राष्ट्रीय राजधानी में सोने की कीमत 300 रुपये बढ़कर 73,150 रुपये प्रति 10 ग्राम हो गई। वित्त वर्ष 2023-24 में भारत का सोने का आयात 30 फीसदी बढ़कर 45.54 अरब डॉलर हो गया।

CIL to pay penalty for non-supply of coal sold in e-auctions

STREAMLINING SUPPLY CHAIN. Govt aims to make miners accountable for timely, cost-efficient supply to industries, including non-regulated sectors

Rishi Ranjan Kala
New Delhi

In a historic step, the government has mandated that Coal India Ltd (CIL) — which accounts for around 90 per cent of India's production and despatch — will now have to pay a penalty if it fails to supply coal procured by consuming industries through e-auctions.

Besides aiming to enhance the ease of doing business, particularly for the non-regulated sector (NRS), CIL has started online signing of fuel supply agreements (FSAs), which is also being extended to include the SHAKTI B auctions.

These developments are part of Tuesday's announcement by the mining behemoth that power plants, including independent

power producers (IPPs), will be supplied coal beyond their annual contracted quantity (ACQ).

In FY24, of the total 972.60 million tonnes (mt) coal production, the despatch to power sector stood at 809.64 mt (up 8.78 per cent y-o-y), and supplies to NRS was at 162.96 mt (up 22.32 per cent y-o-y). Coal share of the power sector stood at 83.24 per cent and that of NRS was 16.76 per cent.

CONSUMER FIRST

A top government official said, "Consumer is king and we want to impress this upon everyone in the coal sector. CIL used to forfeit security deposits, which was earlier ₹200 a tonne before being raised to ₹500. But, it has been slashed to ₹150 based on market movements and



ACCOUNTABILITY CHECK. CIL has started online signing of fuel supply agreements (FSAs), which is also being extended to include the SHAKTI B auctions REUTERS

auction premiums. "Now with a penalty for CIL for non-supply, the government is making contracts equitable and fair. Earlier, there was no penalty on CIL if it failed to supply coal. This will also boost supplies to

NRS industries, which have been complaining for long about reduced supplies and priority given to the power sector."

Another senior official pointed out that India's coal production is increasing at a

healthy pace, and is expected to hit 1,080 mt by March 2025. The Ministry wants to ensure that higher quantities produced are consumed, and miners are not left with supplies accumulating at pit heads, thereby leading to

loss of income and wastage of the mined resource. Online signing of FSAs, said another source, is a game-changer.

"Earlier, consumers had to physically go to coal company offices to sign FSAs. Now, CIL has been signing FSAs of NRS consumers from Tranche VII of e-auctions. That apart, it is also being implemented for SHAKTI B (VIII) (a) auctions, that are held about seven times annually," he added.

FOCUS ON NRS

The Ministry has now started focusing on meeting requirements of the NRS customers, which include captive power plants, steel, cement, sponge iron, etc. — important building blocks in India's expanding infrastructure and manufacturing

base. In the traditional method, coal was first supplied to the power sector, and after meeting the demand, the requirements of the NRS industries were met, an official said.

ABUNDANT SUPPLY

"But this year, coal is in abundance. So, there are no restrictions or priority to power as there are good stocks at their end, from April till now. As a result, for NRS industries, the supplies this fiscal so far are around 20 per cent higher y-o-y," he added.

The Ministry is now planning to offer long-term coal linkages to NRS consumers, without end use restrictions, a move that will not only boost supply of the critical fuel but also aid companies in better planning of the key resource.

Govt mulls national coal exchange

PUSH FOR REFORMS. Will provide better access to commercial mines for supplying fuel on an on-demand basis

Rishi Ranjan Kala
New Delhi

In a major reform push for the coal sector, government aims to overhaul the decades-old production and supply structure with better access to commercial mines through a national coal exchange that will eventually offer the dry fuel on an on-demand basis to consuming industries, particularly MSMEs.

Commercial coal mining is small at present, but with the Coal Ministry's focus on higher supplies to Non-regulated sector (NRS) industries, curbing imports and coal gasification, the sector is expected to expand significantly by 2030.

Currently, of the 107 commercial coal mines auctioned since June 2020, 11 blocks are in operations. These mines have produced around 15 million tonnes (mt) in FY24, and have a target of 23 mt in FY25.

A top government official said, "The objective is to create a robust ecosystem that

nurtures a transparent and competitive market. To this effect, commercial auctions have begun. Next is a marketplace, which will be a national coal exchange. We will also have a regulator for the exchange.

"Currently, NRS industries, particularly during summers, face supply issues and have to procure coal at higher prices through spot and e-auctions. Indian economy is expanding and will require more coal going ahead. We have to be competitive at the same time to become a global manufacturing hub. Commercial market takes care of these issues."

The aim is to create an "on-demand service" in the sector where consumers go to the exchange portal and place their orders for the quantity required, at any time and receive the quantity at their doorstep at competitive prices. This will be part of the Ministry's Viksit Bharat 2047 Action Plan, the official explained.

COMMERCIAL COAL

The rationale behind setting



ROBUST ECOSYSTEM. The proposed national exchange is aimed at moving forward in commercial coal mining and facilitating development of domestic coal markets REUTERS

up a commercial mechanism is that it facilitates many sellers and buyers to come together to trade coal as a commodity, said a senior government official. The proposed national exchange is aimed at moving forward in commercial coal mining and facilitates expansion as well as development of domestic coal markets. Exchange will also enable efficient market-based pricing mechanisms and facilitate price discovery, he added.

The Ministry with the assistance of sector experts is also evaluating aspects

around having innovative coal marketing policies. "Ministry is analysing a host of suggestions regarding operations and products that the exchange can offer. For instance, can it earmark 25 per cent of the quantity produced by PSU commercial blocks for the MSME sector?," the official said.

The Ministry is also planning to create a regulator for the sector considering a coal exchange mandates the creation of a regulator. The Ministry is holding discussions on the same. "It is expected that the Ministry will by

September-October move a proposal for the coal exchange and the regulator for the consideration of the Cabinet," the same official said.

CIL'S DOMINANCE

National coal exchange will be a game changer. Currently, there is no market mechanism for price discovery of coal. A mature market will check dominance of one player, which is CIL, a top official from a primary steel producer said.

"Coal companies will offer innovative schemes at competitive prices to consumers on the exchange. This will impact quantities that are auctioned in spot and e-auctions, where buyers many a time complain of low quantities and high prices.

For instance, some e-auction premiums went up by 400 per cent in summer of 2023. We are forced to buy at such high prices as priority is for the power sector. This makes us less competitive to other players, particularly China. A robust private sector also checks this," he added.

Aluminium: Hold the longs, book profits at ₹225

Akhil Nallamuthu
bl. research bureau

Aluminium futures (August series) on the Multi Commodity Exchange (MCX) has been on a recovery over the past week.

It closed above the resistance at ₹215 last week, turning the short-term outlook positive.

From the current level of ₹220, the nearest hurdle can be spotted at ₹225.

A breakout of this can lift aluminium futures to ₹232. Post a rally to ₹232, the contract might see a decline.

COMMODITY CALL.

On the other hand, from the current level, if the price drops below the resistance-turned-support of ₹215, it can find support at ₹210. Note that the price band of



the ₹206-210 is a support band. A breach of ₹206 can result in aluminium futures establishing a fresh leg of downswing. However, as it stands, the likelihood of the price going up is high and so, traders can remain on the long side.

TRADE STRATEGY

We recommended buying aluminium futures at ₹212 a couple of weeks ago. Retain this trade. But revise the stop-loss from ₹204 to the entry price of ₹212 so that the risk is neutralised. Book profits at ₹225.

SIMULTANEOUS MARKETING ACTIVITIES PLANNED FOR DOMESTIC MARKET AS WELL

Diamond Houses, Miners Strive to Woo Chinese Back

The ad campaign to bring the Chinese market back to life may cost \$8-10 m

Sugata Ghosh & Sutanuka Ghosal

Mumbai | Kolkata: A quaint, simple Japanese engagement ceremony was dramatically transformed in the late '60s when DeBeers, the dominant cartel of the day, sold the idea of a diamond ring to young Japanese riding the post-war prosperity. A campaign waged by a group, criticised amid the anti-apartheid wave, altered the age-old custom of an Asian society steeped in tradition, and added a riveting chapter in marketing literature.

After five decades, another ad blitz is about to begin on the other side of the East China Sea, as diamond houses, miners, and retailers put their money and heads together to win back choosy Chinese consumers at a time when the world of natural diamonds is at the cross-roads.

A DIFFERENT CHALLENGE

Unlike the conquest of a new market (like Japan) in another era, today it's a battle for survival in a complex, fragmented world to regain a market that was lost to ravages of COVID-19. During the pandemic years, distressed Chinese households, which had been earnestly purchasing the precious stone over the decade, discovered to their dismay that diamonds, unlike gold, did not fetch the resale value when they needed it the most. As more and more Chinese turned towards a more fungible asset like gold, diamond demand from China, once accounting for about one-third of the cut and polished diamond market, shrank. Now, efforts are underway to woo them back.

"We had a couple of meetings with Chow Tai Fook. The final meeting is scheduled at the Hong Kong Jewellery Show in the second week of September. We have planned a big campaign in China along with Chow Tai Fook and De Beers," Vipul Shah, chairman of India's Gem & Jewellery Export Promotion Council (GJEPC). Eight out of 10 rough stones mined are cut and polished by skilled diamantaires in Surat. "We will use every marketing

Cut & Hue

Retail Natural Diamond demand has stagnated

There's a growing need to create new demand

Recent US consumer spent shows a silver lining



Diamond houses try to see the rarity & luxury quotient

channel to revive confidence among Chinese buyers in natural diamonds," Shah.

The campaign would cost \$8-\$10 million, said trade circles. The global retail demand for diamonds is lower than what it was 15 years ago with the sale of polished stones down from \$21.8 billion in 2014 to \$16.3 billion in 2023. While supply of roughs could stay largely unchanged at 100-110 million carats, the hunt is on for buyers amid low demand, US sanctions on Russian mines, fears of slowdown in America and lab-grown, artificial diamonds with an entirely different dynamics (of unchecked factory supply and a fraction of the price) nibbling at the market.

Last week, natural diamond houses met in Mumbai to discuss the road ahead — while they had overcome the sudden crunch during the financial meltdown of 2008-09, they sense it's a different challenge this time around. Even DeBeers, once a force to reckon with, as the British parent Anglo American weights new strategies.

"The natural diamond world is at a tipping point. Rough supply will be the same for about a decade, but demand is not going up. Retail consumption has been stagnant for the last 15 years. Unless we start addressing the demand issue in a big way, there could be serious challenges," Pranay Narvekar who closely tracks the trade and advises the industry.

Many in the trade, however, are counting on the recent data from the US (which is half the retail natural stone market) showing 8.5% rise in revenue in July from loose and finished natural diamond on the back of higher consumer spending. The jury is out on whether it

would sustain.

THE VALUE & LUXURY QUOTIENT

Meanwhile, a simultaneous marketing campaign is being planned for the Indian market which has been promising in the past one year. Kirit Bhansali, vice-chairman of GJEPC, said a meeting has been planned next week with leading jewellers like Malabar Gold & Diamonds, Kalyan Jewellers, Tanihq, Joy Alukkas and other stakeholders to launch a generic campaign for natural diamonds. "The aim is to further promote diamonds at home so that we can fall back on the domestic demand till exports pick up," said Bhansali.

Along with the 1948 tagline 'A Diamond is Forever', many US jewellers use the 2016 slogan, 'Real is Rare; Real is Diamond' to remind millennials the element of luxury and value of natural stones — a concept that has fascinated economists for 250 years.

In 1776, Adam Smith raised the paradox that diamonds were prized possession while water, which was essential for survival, had little value. Resolving the riddle, about a century later, Karl Marx in 1867 had famously said: "If we could succeed at a small expenditure of labour, in converting carbon into diamonds, their value might fall below that of bricks." Marx's logic was simple: diamonds take a lot of 'labour' to produce, but water does not. Labgrown stones were not in anyone's wildest imagination then.

"It all boils down to selling the 'diamond dream' — whether consumers perceive it as a luxury, as an aspiration," said Narvekar. "If they stop dreaming, all bets are off," he said. The question is: where are the dreamers?

Thermal coal imports shrink to six-month low in July

Rishi Ranjan Kala
New Delhi

India's thermal coal imports declined to a six-month low in July 2024, reflecting the seasonal weakness in power demand as monsoon rains lashed the country, bringing down temperatures.

Growth in hydropower and wind energy segments also aided in lowering electricity demand from thermal power plants (TPPs).

According to energy intelligence firm Kpler, India's seaborne thermal coal imports fell, albeit marginally, by 1 per cent on a monthly basis last month to 13.57 million tonnes (mt).

However, the in-bound shipments were higher by 21 per cent y-o-y reflecting India's growing industrial and commercial base.

Kpler's Lead Major Dry

India's thermal coal imports

	Jan	Feb	Mar	Apr	May	Jun	Aug
2022	7.38	7.74	16.39	12.56	14.68	19.17	18.83
2023	10.55	10.78	13.52	14.73	17.65	13.43	11.18
2024	13.68	14.15	15.12	16.23	16.99	13.62	13.57

Source: Kpler

Bulks Analyst, Alexis Ellender told *businessline*, "Indian thermal coal imports slowed to a six-month low of 13.57 mt in July as a combination of lower-than-usual monsoon season temperatures and firm hydropower and wind generation output lowered energy demand for air conditioning."

ROBUST SITUATION

Nevertheless, July thermal coal imports were still up by 2.39 mt y-o-y, supported by underlying growth as the country's economy expands and industrialises, he added.

Ellender pointed out that

India's domestic thermal coal supply situation remains robust.

"Coal stockpiles at power stations monitored by the Central Electricity Authority (CEA) were still above 45 mt at the end of July, around a third higher y-o-y. At the same time, annual growth in domestic coal production last month went up by 6.36 per cent y-o-y to 74 mt, although lower m-o-m due to monsoon-induced disruption to mining operations," he added.

The rate of annual growth in India's domestic coal production is likely to be lower in

the coming months due to the higher base in 2023, he emphasised.

The country's power demand has also come down in the past couple of months with showers bringing down temperatures.

During July, India's energy consumption rose by around 4 per cent y-o-y to 145.4 billion units (BU). Compared to July, energy consumption rose by 9 per cent on an annual basis to 152.4 BU in June 2024.

Similarly, energy consumption grew 15 per cent y-o-y to 156.31 BU in May, when India's peak demand hit a record 250 gigawatts (GW).

Besides, coal production rose by roughly 7 per cent y-o-y to 74.07 mt in July 2024. Despatches of the critical commodity were higher by around 5 per cent to 79.54 mt during the same month.

Retain longs in zinc futures

Akhil Nallamuthu
bl. research bureau

Zinc futures on the Multi Commodity Exchange (MCX) found support at ₹245 and started to rally a couple of weeks back. It surpassed the resistance at ₹255 last week.

COMMODITY CALL

The August futures closed at ₹264 on Monday.

While the nearest resistance is at ₹272, a breakout of this can lift the contract to ₹280-285 over the next few weeks.

The zinc futures can turn the direction downwards after appreciating to ₹280-285 price region. Such a move can drag the contract



back to ₹272. Nevertheless, as it stands, the likelihood of a rally is high and so, traders can remain on the long side of the trade.

TRADE STRATEGY

We suggested going long on zinc futures at ₹257 last week. Since the contract has moved above ₹263, the revised stop-loss for this trade would be ₹260.

Tighten the stop-loss further to ₹265 when the price touches ₹268. Book profits at ₹270.

Gem, jewellery exports down 23% in July on global uncertainty

Our Bureau
Mumbai

Gem and jewellery exports continued their downward trend and plunged 23 per cent in July to \$1.66 billion (₹13,922 crore) against \$2.17 billion (₹17,832 crore) logged in the same period last year, amid growing geopolitical concern.

Imports declined 17 per cent to \$1.4 billion (₹11,739 crore) against \$1.68 billion (₹13,832 crore) registered in the same period last year, according to Gems and Jewellery Export Promotion Council data.

Cut and polished diamond exports were down 23 per cent to \$908 million (\$1.17 billion) due to a sharp decline in diamond trade with China, which accounts for 10-15 per cent of exports from India. The import of cut and polished diamonds almost halved to \$82 million (\$166 million).

Imports of rough dia-



LOSING GLITTER. The industry faced muted trade for the past 18 months and the renewed geopolitical tensions in West Asia have only added to the uncertainty

monds dropped 16 per cent to \$4.3 billion on weak demand for value-added products. As the world's largest diamond processing hub, the sector in India is experiencing a sense of gloom.

SLACK DEMAND

Shipments of polished lab grown diamonds also fell 10 per cent to \$95 million in July due to weak demand amid falling natural diamond prices. Gold jewellery exports also dropped 12 per

cent to \$530 million as prices inched up. Export of coloured gemstones was down at \$114 million (\$153 million) on the back of subdued demand.

Colin Shah, MD, Kama Jewelry, said the industry was going through uncertain times with muted trade activity for the past year and a half. The re-emergence of geopolitical tensions in West Asia had again turned the scenario towards uncertainty.

Impact of SC mining tax verdict will be over ₹6,000 cr: CIL chief

LITTLE DAMAGE. Only Mahanadi Coalfields and Central Coalfields will be affected

Our Bureau
Kolkata

State-run miner Coal India expects the net financial impact of the Supreme Court's ruling on mining taxes on the company to be over ₹6,000 crore as it is hopeful of recovering over 70 per cent of liabilities from customers with whom the company has long-term fuel supply agreements (FSAs).

Only two of CIL's coal-producing subsidiaries — Mahanadi Coalfields (MCL) and Central Coalfields (CCL) — will be facing the impact of the court ruling on mining taxes.

"...we have calculated that in a phased manner only two companies are being affected, Mahanadi Coalfields and Central Coalfields. For other companies, there is no impact," Coal India Chairman PM Prasad said while replying to the company's shareholders during the an-



We can recover around 70-75% of our total liabilities from customers with whom we have fuel supply agreements

PM PRASAD
Chairman, CIL



nual general meeting on Wednesday.

THE LIABILITIES

According to Prasad, liabilities for MCL and CCL would be around ₹364 crore and around ₹31,227 crore respectively due to the top court's order, which allowed State governments to collect mining companies' tax dues pending from April 1, 2005.

"In CCL, it is only ₹364 crore between 2006 and 2023, that is around 17

years. So, this is not too significant," Prasad said.

The Supreme Court said the time for payment shall be staggered in installments over a period of 12 years, commencing from April 1, 2026.

"Whereas in MCL, there is Orissa Rural Infrastructure and Socio-economic Development Act, 2004, with effect from 2005. Initially, for four months under protest, we have deposited (the tax). The State government lost the case in the

High Court and it returned the money to us. So, in turn, we returned it to the consumers. Now since the Supreme Court judgement, the liability is ₹31,227 crore," the CIL Chairman said.

According to him, the company could recover around 70-75 per cent of its total liabilities from its customers with whom it has long-term fuel supply agreements (FSA).

Phase wise "a good amount of around ₹24,000-25,000 crore" could be recovered from the FSA customers.

"Of course, all these are under study and we are in consultation with the Solicitor General. Once we can collect from the FSA customers, then the maximum amount would be collected back... But since at the the High Court, the State government (Odisha) had lost and the Act was repealed at that time, we are taking legal course," Prasad pointed out.

Piggybank

Funding tap is open for a host of startups as investors dig deep

Bluestone Raises ₹900 crore in Primary-secondary Round

Peak XV, Prosus, Steadview, Think and Kris Gopalakrishnan's Pratithi fund firm: Sources

Digbijay Mishra

Bengaluru: Jewellery retailer Bluestone has closed a ₹900-crore financing round that more than doubles the IPO-bound firm's valuation to \$970 million, or ₹8,100 crore, multiple people aware of the development said.

The Accel-backed firm is now set to file the draft red herring prospectus for its initial public offering (IPO) with the stock market regulator this calendar year, after having closed the pre-IPO round to set the valuation benchmark, one of the persons said.

Peak XV Partners, Prosus, Steadview Capital, Think Investments and Infosys cofounder Kris Gopalakrishnan's family investment office Pratithi Investments participated in the primary-plus-secondary share

GOING FOR GOLD



BANI THANI, Kishangarh miniature from c.1750, attributed to Nihâl Chand from Marwar school of Kishangarh

Of the total funding round, ₹600 crore is in primary capital infusion while the rest is in secondary share sale

Prosus has put in about ₹350cr

Peak and Steadview have invested over ₹200cr each

Kalaari Capital—one of the early investors—has part-sold its stake in co

Kalaari Capital—led by **Vani Kola**—held about 12.3% stake in the company after the last round in September 2023

sale. "Of the total funding round, ₹600 crore is in primary capital infusion while the rest is in secondary share sale," one of the sources said.

"Prosus has put in about ₹350 crore while Peak and Steadview have invested over ₹200 crore each."

Kalaari Capital—one of the early

investors in the Bengaluru-based firm—has earned about ₹300 crore by selling a part of its stake. "Yes, Kalaari has made a partial exit by selling about half of its stake," a person aware of the matter said.

ET first reported about Bluestone's around \$100-million pre-IPO round on May 29, and subsequently wrote about the details of the transaction on June 18.

As per Tracxn, Kalaari Capital—led by Vani Kola—held about 12.3% stake in Bluestone after the last funding round in September 2023. Iron Pillar, Saama Capital, RB Investments, IvyCap and InfoEdge Ventures are among other investors in the firm, holding about 20% collectively. Founders Gaurav Singh Kushwaha and Ganesh Krishnan own nearly 14%.

Kushwaha and Kola declined to comment on the funding.

COMMODITY

CALL.Copper futures
staring at barrier

Akhil Nallamuthu

bl. research Bureau

Copper futures on the Multi Commodity Exchange (MCX) was on a downtrend between the final week of May and early August. During this period, the price of the contract fell from ₹950 to ₹770.

However, over the past couple of weeks, copper futures has been moving up. It closed at ₹800 on Tuesday. But the bulls have a considerable challenge ahead in the form of a barrier at ₹810.

At the resistance level of ₹810, a falling trendline and the 38.2 per cent Fibonacci retracement level of the previous downtrend coincides. This makes the barrier at ₹810 a strong one.

If the bulls manage to lift copper futures above this level, we can see an upswing to ₹838, which can possibly extend to ₹875. These are the notable resistance levels.

On the other hand, if copper futures decline from the current market price, it can find support at ₹767.

Until this level holds, bears will have low strength. Note that a consolidation between ₹767 and ₹810 in the short-term is also a possibility.

TRADING STRATEGY

Wait for now and buy copper futures if it breaks out of ₹810. Target and stop-loss can be ₹835 and ₹798, respectively.

After initiating the longs, when the price rises to ₹825, modify the stop-loss to ₹810.

Aluminium prices may gain on tight supplies

BULLISH TREND. Rise likely despite positive supply outlook in second half; weaker dollar and Fed rate cut could provide support

Subramani Ra Mancombu
Chennai

Though aluminium prices have dropped some 9 per cent since surging to a two-year high of \$2,695 a tonne on May 29, they are likely to rise due to tight supply for the rest of the year, analysts have said.

The metal hit a 5-week high on Tuesday on alumina shortage in China due to rising consumption.

"We maintain the view that supply will remain tight, fuelling price increases throughout 2024 despite a mildly more positive H2 2024 supply outlook. We have revised our estimates for the aluminium market surplus to 97,000 tonnes, a modest decrease from the previously forecast 1,16,000 tonnes, with 2024 demand growth expected to outpace that of supply," said research agency BMI, a unit of Fitch Solutions.

Though risks are prevalent on both supply and demand sides, price losses will be capped by sustained demand from China's clean en-

ergy sector and a tighter market balance, it said.

STOCKS IN FOCUS

However, ING Think, the economic and financial analysis wing of Dutch multinational financial services firm ING, said rising aluminium inventories had been in focus in recent months with LME stocks now at the highest level since 2021.

"This underscores soft spot demand for the metal, which has forced more metal into the exchange's stockpiles. These large inventory levels are likely to weigh on prices in the short term while it takes time for the market to absorb this stored material," it said.

The Australian Office of the Chief Economist (AOCE) said the LME spot price reached a two-year high of \$2,695 a tonne as the markets responded to the move to ban Russian aluminium from LME warehouses after 12 April 2024.

"The price has risen by 4.9 per cent so far in 2024 to \$2,452 a tonne as of June 25, 2024 — compared to an average \$2,258 a tonne in the



CLIMBING UP. The LME aluminium spot price is forecast to rise by 6.2% year-on-year in 2024 to average \$2,390 a tonne

second half of 2023," it said.

The LME aluminium spot price is forecast to rise by 6.2 per cent year-on-year in 2024 to average \$2,390 a tonne, the AOCE said.

BMI said, "We maintain our aluminium price forecast for 2024 at an annual average of \$2,400/tonne, with prices set to see gains compared to 2023 on improved market fundamentals this year." ING Think said a weaker dollar and a Fed rate cut could provide support to aluminium prices.

BMI said risks in aluminium are skewed to the downside as economic data from China continues to drive poor sentiment towards metals that rely heavily on Chinese consumption.

RUSSIAN FACTOR

ING Think said the Russian share of aluminium on the LME continued to fall since May. The LME banned delivery of newly produced Russian metal in April following sanctions by the US and the

UK. The AOCE said markets are expected to adjust to the ban of Russian aluminium and the new US tariffs on Chinese aluminium exports in the second half of 2024. "The ban on Russian aluminium is already impacting LME stock holdings. Large amounts of Russian aluminium appear to have been held off-warrant in the LME warehouses before April 13, 2024," it said.

However, since April 13, holders of Russian aluminium have switched their holdings back on warrant. As a result, LME aluminium stocks rose from 4,90,750 tonnes in April 2024 to 1.1 million tonnes in June 2024, said the Australian Office of the Chief Economist.

OPTIMISTIC DEMAND

BMI said the weakening of the dollar in the second half will offer support to base metal prices across the board. "We note that the price increase expected in 2024 marks a distinct shift from 2023 when the weak market fundamentals led to a 15.6 per cent decline in prices from 2022 levels," it

said. The research agency said it remains "optimistic that global aluminium demand will see growth in 2024. That said demand-side factors present a risk to our outlook."

The AOCE said curtailment of production at Australia's Kwinana alumina refinery is likely to keep the Western Australia alumina price at historically high levels, averaging \$380 a tonne (f.o.b) in 2024, up 11 per cent year-on-year. "The phasing out of production in Australia's Kwinana alumina refinery has pushed the free-on-board Western Australia alumina price up by 47 per cent so far in 2024," it said.

ING Think said the output in China is hitting record highs with restarts in Yunnan now complete due to the steady recovery of power supply. "We expect China's primary aluminium production to grow by around 2 per cent in 2024 to around 42 million tonnes. However, this will also depend on the availability of hydropower in Yunnan," said the ING financial and economic analysis wing.

Unabated steel imports amid fall in prices worry producers

TRADE IMPACT. China tops steel exports to India; domestic sector hit by new taxes

Suresh P. Iyengar
Mumbai

Steel imports continued to remain at elevated levels for the fourth consecutive month this fiscal even as India remained a net importer for the first four months of this fiscal.

Despite being the world's second-largest steel producer, India imported 2.69 million tonnes (mt) of steel between April and July, and exported 1.57 mt, as per the government data.

With the developed countries imposing high trade barriers, China tapped more into Indian markets and was the highest steel exporter at 8.07 lakh tonne between April and July. It was followed by Japan and South Korea, the data showed.

Some of the leading global automobile companies with manufacturing bases in India have been importing steel from their own country and



SUPPLY WOES. Despite being the world's second largest steel producer, India imported 2.69 mt between April and July REUTERS

this has left leading domestic steel manufacturers high and dry.

Amid growth stress, the Indian Steel Association had filed a petition against cheap hot-rolled coil imports from Vietnam and the Director General of Trade Remedies has started an anti-dumping investigation into HRC imports of alloyed and non-alloyed steel from Vietnam.

ICICI Securities said that while the move is a positive

step, the effect will be limited as China is the major exporter of steel to India and not Vietnam. The report also says the investigation could be reciprocal as Vietnam also started an anti-dumping investigation on steel imported from India and other countries.

PRICES CRASH, COSTS UP
The dumping of steel by China comes at a time when steel prices in India have

plunged to their lowest level in more than three years.

Notwithstanding the fall in prices, the cost of operations for steel and other metal companies are set to go up with the Supreme Court allowing State governments to levy tax on ores mined from their respective States.

The windfall for mineral-rich States such as Jharkhand, Odisha, Chhattisgarh and Rajasthan will cost the industry about ₹2 lakh crore while the public sector undertakings would face a ₹70,000 crore-odd hit.

However, the apex court ordered that mining companies can make the payments to the States over the next 12 years, commencing from April 1, 2026.

Most of the large steel producers such as Tata Steel, JSW Steel, and Jindal Steel and Power have their own captive mines and are already paying royalties and other State levies.

Coal Ministry eyes ₹45,000 cr through auctions in FY25

PROPOSED PLAN. Ministry expects to auction as many as 25 blocks this fiscal

Rishi Ranjan Kala
New Delhi

The Coal Ministry has set a target of raising around ₹55,000 crore in the current financial year, ending March 2025, of which the major chunk of around ₹45,000 crore will be raised through commercial coal mine auctions.

“Our target for FY25 is ₹55,000 crore. Of this, around ₹9,000 crore is from mine developer cum operator (MDO)/revenue sharing / washeries and the remaining ₹45,000 crore will come from auction of mines,” a senior government official said.

In FY24, the Ministry monetised ₹56,794.49 crore against the NITI Aayog’s target of ₹50,118 crore. Two rounds of auctions of commercial coal mines were launched and 20 mines were auctioned. During the year,



STELLAR PERFORMANCE. In FY24, the Ministry monetised ₹56,794.49 crore against the NITI Aayog’s target of ₹50,118 crore

seven mines obtained mine opening permission, while nine mines started production. The Ministry monetised ₹50,316.66 crore via auctions, ₹5,276 crore through the MDO route as well as ₹985 crore and ₹225 crore through abandoned mines and washeries, respectively.

Currently, of the 107 commercial coal mines auctioned since June 2020, 11 blocks are in operations. These mines have produced around

15 million tonnes (mt) in FY24 and have a target of 23 mt in FY25. Overall, the commercial and captive mines have produced around 147 mt coal in FY24 (higher by 26 per cent y-o-y) and the target for FY25 has been set at 170 mt.

MINES AUCTION

In the last four months, the Ministry has already achieved 26 per cent, or roughly ₹14,000 crore, of the

total monetisation target. This is despite the elections, the official added. The 10th round of commercial coal mines auction was launched in June 2024.

The Ministry expects that this will conclude by November 2024 and around 15-20 blocks can be auctioned.

AUCTIONS PLANNED

In FY25, the Ministry expects to auction as much as 25 blocks. Besides, 14 mines are likely to obtain mine opening permission, while ten mines are expected to commence production.

“We are seeing a lot of interest coming from various sectors. Now, new enterprises are coming in coal mining. Many of the new auction holders are not from the coal mining sector. They are real estate players, traders, contractors, etc. They are taking coal as a long term business,” another top official added.

Aluminium prices steady after hitting a 6-week high; copper falls

Reuters

London

Aluminium prices steadied on Thursday after hitting a six-week high earlier in the session, as a stronger dollar offset fund buying spurred by concerns over tight supply of the key raw material.

Three-month aluminium on the London Metal Exchange rose 0.2 per cent to \$2,492 a tonne in official open-outcry trading.

The metal used in transportation, construction and packaging touched \$2,531, its highest since July 9, earlier in the session amid buying by funds known as commodity trading advisors (CTAs).

Meanwhile, LME zinc was up 0.7 per cent at \$2,871. Copper fell 0.8 per cent to \$9,185; lead was down 0.2 per cent at \$2,082. Tin added 0.4 per cent to \$32,825 and nickel lost 2.4 per cent to \$16,500.

Adani promoter sheds 2.8% stake in Ambuja Cement, raises ₹4,254 crore

MAJOR ACTION. Nykaa and Tata Technologies shares, too, in focus on block deal buzz

Janaki Krishnan
Mumbai

An Adani group promoter entity sold 6.8 crore shares or 2.76 per cent of the equity of Ambuja Cement for ₹4,254 crore on the block deal window of the NSE.

According to exchange data, the shares were sold at ₹625.5 apiece by Holderind Investments, which had held 50 per cent stake as of June 30.

businessline had reported that the Adani group promoters were looking to offload stakes in some key companies in the group, including Ambuja Cement, in order to raise funds that would be used to retire costly overseas debt.

Sources has indicated that some of the portion of the funds being raised through strategic stake sales would be used to pay down the debt outstanding to international

A portion of the funds raised will be used to repay international bank loans taken for the ACC and Ambuja acquisitions

banks from whom the group had raised loans to fund the acquisition of ACC and Ambuja.

A part of the funds may also find their way into real estate, especially the ambitious Dharavi Slum Rehabilitation project in Mumbai. The stake offloaded by the promoter was picked up a number of overseas and domestic funds.

The biggest buyer was GQG Partners which bought ₹1,676 crore worth shares. Other major buyers were Vanguard, Axis MF, ICICI Pru MF, Invesco MF, SBI Life, and Norges Bank.

The Street was buzzing with other block deals as well.

OTHER DEALS

Harindarpal "Harry" Banga, an early investor in beauty retailer Nykaa, sold around 4.1 crore shares or 1.4 per cent stake in it for ₹854 crore on the BSE. He had held 6.4 per cent stake at the end of June.

The shares found wide acceptance from a host of buyers including Indian and global mutual funds, sovereign wealth funds, pension funds and insurance companies. The stock has been a consistent outperformer and in the last one year the price has appreciated close to 92 per cent. Tata Technologies, which listed about nine months back, saw Alpha TC Holdings sell 2.4 per cent stake for a little over ₹1,000 crore. It held 4.34 per cent stake at the end of June.

There were no details on who had acquired the stake.

Key transactions

Company	Buyer/Seller	Buy/Sell	Qty	Price (₹)
Tata Technologies	Alpha TC Holdings	S	99,10,136	1,013.9
Ambuja Cement	GQG Partners Emerging Markets	B	1,70,73,577	625.5
Ambuja Cement	Holderind Investments	S	6,79,56,000	625.5
Nykaa	Harindarpal Singh Banga	S	4,08,78,740	208.3
Nykaa	Bajaj Allianz LIC	B	9,00,000	208.3
Nykaa	Goldman Sachs	B	37,50,000	208.3
Nykaa	Invesco India Equity	B	9,00,000	208.3
Nykaa	ICICI Pru LIC	B	19,00,000	208.3
Nykaa	Kotak MF	B	74,00,000	208.3
Nykaa	Morgan Stanley	B	38,50,000	208.3
Nykaa	Nippon India Mutual Fund	B	74,00,000	208.3
Nykaa	Societe Generale	B	8,50,000	208.3
Nykaa	India Acron Fund	B	3,28,500	208.3
Nykaa	Ashoka India Equity	B	9,12,300	208.3
Nykaa	HSBC Mutual	B	14,68,580	208.3
Nykaa	Ghisallo Master Fund	B	9,00,000	208.3
Nykaa	National Pension Service	B	3,71,954	208.3
Nykaa	Mathews India Fund	B	4,80,080	208.3
Nykaa	SBI Mutual	B	27,50,000	208.3
Nykaa	Abu Dhabi Investment	B	9,72,300	208.3
Nykaa	India Acorn	B	24,94,700	208.3
Nykaa	Copthal Mauritius	B	10,00,000	208.3
Nykaa	HDFC Standard LIC	B	13,50,000	208.3

Source: BSE/NSE

Recovery in iron ore prices hinges on Chinese stimulus package

Subramani Ra Mancombu
Chennai

Global iron ore prices have dropped below \$100 a tonne to a 22-month low as subdued demand from China continues to exert downward pressure on the market. However, prices could improve marginally if China comes up with some stimulus measures to boost its economy, analysts say.

"After retaining resilience early in 2024, iron ore prices have been trending downwards throughout the year as weak Chinese demand shows no signs of reversing. We expect negative sentiment over the sluggish Chinese property sector, the downfall of which now looks irreversible, to remain, further capping prices," said research agency BMI, a unit of Fitch Solutions.

MILLS CUT PURCHASES

Poor demand for steel in China drove steel mills to cut their iron input buying. "China's housing oversupply crisis and the government's lack of stimulus measures toward debt-ridden property developers increasingly hampered the outlook for construction activity," said the *Trading Economics* website.

This was underscored by China's NBS Construction PMI falling to a one-year low in July, while housing prices sank the most since 2015, it said.

Currently, iron ore prices (with 62 per cent iron content) are quoting at \$97.99 a tonne, the website said.

BMI said iron ore (62 per cent iron content) prices at Qingdao Port were hovering below \$88/tonne as of August 16, 2024, marking the lowest level since November 2022. The year-to-date average in 2024 thus far is \$109/tonne. "We are revising down our



BIG DROP. There was a fall in prices in Q1 2024 from \$130 a tonne in January to \$95 during March-end REUTERS

2024 iron ore price forecast from an annual average of \$120/tonne to \$110/tonne, as subdued demand in China amid the ongoing property downturn continues to exert downward pressure on the iron ore market," said the research agency.

The Australian Office of the Chief Economist (AOCE) said there was a steep fall in the ore's prices in the first quarter of 2024 from \$130 a tonne in January to \$95 during March-end. "Iron ore prices stabilised in the June quarter, with the benchmark iron ore spot price (basis 62 per cent fines CFR Qingdao) averaging around \$107 a tonne," it said. Trading Economics said data showed Chinese steel production plunged by 9 per cent in July from June, limiting the outlook of iron ore input purchases by blast furnaces.

INVENTORY RISE

"Also echoing the poor demand from steel producers, iron ore portside inventories in China continued to rise through July despite seasonal forces encouraging draws," it said. BMI said China's ports have continued a strong build-up, rising by 31 per cent year-to-date to 149.6 million tonnes as of August 16, which has the potential to place a cap on prices in the coming months.

'NMDC to see 'minimal impact' from SC's retrospective royalty tax verdict

Abhishek Law
New Delhi

India's largest iron-ore miner NMDC Ltd is expecting "minimal impact" from the latest Supreme Court verdict allowing the States to retrospectively levy royalty on mines and minerals extracted from their land, the company's Chairman and Managing Director (additional charge) Amitava Mukherjee told *businessline*.

Even if the States come up with such charges, there will be a "pass through", indicating that it will be recovered from customers, he said. So far no State government has raised any demand for payment of royalty on a retrospective basis.

"We do not see any significant impact of the Supreme Court order; in fact, we see minimal impact, if at all any. There will be a pass through even if some demand is raised. We are a merchant miner which restricts our impact," he said on the sidelines of a FICCI event here.

It is being said that merchant miners can recover some of this tax from existing customers, if they have not changed. If any of the customers have closed operations, then the tax liability falls on the miner.

NMDC currently operates iron ore mines in Chhattisgarh and Karnataka and diamond mines in



Amitava Mukherjee, CMD, NMDC

Panna, Madhya Pradesh.

According to Mukherjee, of the 81 cases that were taken up by the Supreme Court, only one is applicable to NMDC. The company has calculated the impact to be around ₹21-24 crore from its diamond mining operations at Panna. "If the same principle (of retrospective taxation) is applied, then we may see tax liability of ₹24 crore for Panna. Rest is a pass through for us," he said.

NMDC's customer base includes ArcelorMittal Nippon Steel (India), JSW Steel, Jindal Steel and Power, Angul, and Kalyani Steel, among others.

The miner, which operates four iron ore mines in Chhattisgarh and Karnataka, said that these States are yet to come up with a law or impose demand notices for retrospective royalties. "There has been no demand from these States," he said.

LEGAL TUSSLE

The miner's existing legal tussle with these State governments pertain to "separate issues", the CMD explained.

The cases include imposition of additional levies, higher royalties and lease renewal conditions.

"Both disputes are separate from the set of 80-odd cases which legally challenged the State authority to impose such taxes," he added.

As of now, NMDC has a liability of over ₹2,000 crore towards Karnataka and ₹144 crore towards Chhattisgarh.

"Subsequently, once the principle has been decided, sooner or later, we might have a liability for these as well (Karnataka and Chhattisgarh forest department tax)," Mukherjee had said during a post results call earlier this month.

In case of Chhattisgarh, the company is already recovering it. "So there will be hardly any retrospective effect," he said.

For Karnataka, it will be substantially more.

"Most of our customer base is the same," Mukherjee said, adding, "Nothing much has changed over the last 20 years in terms of customer bases. So most of this amount... a very substantial amount, leaving aside a few couple of crores, I think we will be in a position to recover. This is payable if this liability comes."

Precious metals can rise

BULLION CUES. Traders can hold the longs

Akhil Nallamuthu
bl. research bureau

Gold (\$2,512 per ounce) and silver (\$29.8 per ounce), in dollar terms, were up 0.2 per cent and 2.8 per cent respectively last week. In the domestic market, MCX gold futures (₹71,777 per 10 gram) posted a gain of 0.6 per cent, whereas MCX silver (₹85,211 per kg) futures was up 2.4 per cent.

MCX-GOLD (₹71,777)

Gold futures (October), despite seeing a mid-week correction in price, closed decisively above the support at ₹71,300 because of a rally on Friday. The bias will be bullish so long as the contract stays above ₹71,300.

The chart indicates that the contract can go up to ₹73,500 and then to ₹75,000 in the next few weeks. A breach of ₹75,000 can take the price up to ₹80,000, a potential barrier.

In case the price falls from the current level, the contract can find support at ₹70,000.

Trade strategy: Last week, we recommended buying gold futures at ₹71,375. Retain this trade with a stop-loss at ₹69,500. When the contract touches ₹73,800, revise the stop-loss to ₹72,500. Book profits at ₹75,000.



GETTY IMAGES

MCX-SILVER (₹85,211)

Silver futures (September) went past the resistance at ₹84,800 early last week. Although it slipped below this level mid-week, the contract managed to recover on Friday. Henceforth, ₹84,000-84,800 price band will be a support.

The price action hints that the contract is up for another upswing from here. Silver futures can touch ₹89,000 in the near term. A breakout of this level can lift the contract to ₹94,000.

On the other hand, if the contract falls below ₹84,000, the support at ₹80,000 can arrest the decline. Subsequent support is at ₹78,500.

Trade strategy: Hold on to the longs on silver futures we suggested initiating at ₹83,200. Maintain the stop-loss at ₹79,800. When the contract rises above ₹86,000, revise the stop-loss to ₹84,000. Liquidate the longs at ₹89,000.

India steel market hit by unfair imports, dumping amid slump in China, says former Steel Secretary

INDIAN steel market is hit by "unfair imports and dumping" amid a demand slump in China and the government needs to take action in a time-bound manner, former steel secretary Nagendra Nath Sinha has said. "If you take flat steel products, imports are certainly an issue. The slump in the Chinese market has really shaken the (domestic) market," Sinha, who superannuated on July 31, said at the 7th edition of BigMint's Indian Iron Ore and Pellet Summit on Friday.

He also warned of the price realisations getting affected due to surging imports impacting the profitability of steel makers.

"To the extent the imports currently happening are unfair and there is dumping going on and the Indian government should certainly respond to them in a timeframe," Sinha said.

His statement assumes significance as local steel players have been raising the issue of imports for months from select countries including



China. Steelmakers have raised concern that India is becoming a net importer of steel against the aim to become a global supplier of the commodity.

Sinha said "Duty prayers for imposition of the duty are being considered at a longer timeframe for about a year and a half that is not going help industry at least give them a fair hearing."

On August 16, the government initiated an anti-dumping probe into the import of hot-rolled steel products from Vietnam following a com-

plaint by a domestic industry.

The commerce ministry's investigation arm Directorate General of Trade Remedies (DGTR) is probing the alleged dumping of 'hot rolled flat products of alloy or non-alloy steel'.

According to the DGTR notification, Indian Steel Association has filed an application on behalf of domestic producers - JSW Steel Ltd and ArcelorMittal Nippon Steel India Ltd - seeking initiation of an anti-dumping investigation on imports from Vietnam.

How the Supreme Court verdict is set to reshape India's mining industry

BALANCING ACT. Historic ruling upholds State's power over mines with retroactive tax, installs 12-year payment

Vasanth Rajasekaran
Harshvardhan Korada

On July 25, the Supreme Court of India (SC) rendered an 8:1 majority ruling in *Mineral Area Development Authority vs SAIL* whereby the powers of the State governments to levy taxes on mines and minerals were upheld. The apex court clarified that royalty collected by the State governments under the Mines and Minerals (Development & Regulation) Act, 1957 (MMDRA), could not be construed as a "tax". The decision overturned an earlier seven-judge bench decision of the SC in *India Cements vs State of Tamil Nadu* wherein royalties paid for mining operations were deemed to be a tax, and thus, the States could not impose further taxes on mine leaseholders.

The Supreme Court, in its 9-judge ruling, opined that the royalty and taxes paid in relation to mines and minerals were distinguishable on multiple counts. The primary differentiating factor was that royalties were in the nature of consideration price or contractual payment paid to the mining lessor by a mining lessee in terms of the mining lease.

TAXING FROM THE PAST

With the nine-judge ruling in place, the gateways for the State governments to not only charge royalty but also collect taxes on mines and minerals stood open. However, after the ruling, a significant question emerged: should the judgment be applied only to future transactions or should it also be applied retroactively to all transactions dating back to 1989, when the *India Cements* decision was pronounced?

The Union government, along with mining companies, advocated for the judgment to be applied only to future cases, arguing that it in-



NEW TIMELINE. 2005 set as start date for retroactive tax; States to begin mining tax collection from 2026 PTI

roduced new constitutional principles. They stressed that this shift would disrupt existing agreements and contracts that had been established following the *India Cements* decision. The government also warned that retroactive application could lead to companies terminating their agreements in response, resulting in a surge of legal disputes. Additionally, the government highlighted that consumers would ultimately bear the cost as mining lessees would inevitably pass on increased expenses to end-consumers. Lastly, it argued that applying the ruling retroactively would place a significant financial strain on mining companies; the States would likely demand interest on unpaid taxes as well.

On the other hand, the State governments argued in favour of retroactive tax collection. They maintained that the nine-judge ruling did not introduce any new constitu-

tional principles but merely affirmed the validity of provisions in existing State legislation regarding taxation on mines and minerals. As such, the States argued that many of the laws were enacted following the Supreme Court's decision in the *State of West Bengal vs Kesoram Industries Ltd*, which doubted *India Cements* ruling by asserting that royalties were not taxes.

In a supplementing order passed on August 14, the apex court rejected the idea of applying its latest ruling in *Mineral Area Development Authority* case only to future transactions. Using its powers under Article 142 of the Constitution, the Supreme Court devised what it described as a "pragmatic solution". It ruled that taxes could be levied on all transactions by mining companies and leaseholders from April 1, 2005. This date was chosen because the *Kesoram Industries* decision in 2004 had already indicated that In-

dia Cements erred in classifying royalty as a tax. Although the *Kesoram* judgment came in 2004, the apex court held that taxes could only be collected for the financial year beginning April 1, 2005.

Additionally, the SC allowed the States to begin collecting taxes from April 1, 2026, on all relevant transactions since April 1, 2005. It mandated that the taxes would be paid in instalments over 12 years and that no interest or penalties would be applied to these taxes.

DOUBLE TAXATION?

The apex court's decision upholding the States' authority to levy taxes on mines and minerals while also applying these taxes retroactively could be seen by businesses as a form of double taxation.

Mining lessees that have already paid royalties, believing these payments to be sufficient, may now face the additional burden of new

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Verdict is Mining industry

ive tax, installs 12-year payment plan



ng tax collection from 2026 PTI

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Mining lessees that have already paid royalties, believing these payments to be sufficient, may now face the additional burden of new

taxes, which could lead some to terminating their leases or agreements. This could create instability in the industry, just as past instances of retrospective taxation often eroded investor confidence.

In this regard, the perspective of the lone dissenting judge, Justice Nagarathna, is important as it highlights several challenges associated with retrospective taxation — a phenomenon India has encountered before. Justice Nagarathna noted that such taxation could have severe economic consequences and might lead to “unhealthy competition” among the States, resulting in an “uneven and uncoordinated rise” in mineral prices.

Nonetheless, the SC's arrangement for instalment-based tax payments provides a practical solution to ease the immediate financial pressure and offers a structured way for companies to manage this new obligation.

The bedrock of any successful tax system is offering businesses the predictability they need to plan their investments and operations with confidence. When tax regulations are clear and consistent, companies can accurately project their financial responsibilities, which is vital for long-term strategic planning and maintaining a favourable business climate. However, when uncertainty arises from retrospective changes over perceived double taxation, it can disrupt the stability in economic activity. A predictable tax system not only promotes compliance but also builds trust between businesses and the government, which is essential for encouraging sustained investment and fostering economic growth. The apex court appears to have trodden very carefully in coming up with a solution that balances the interests of all the parties involved.

The writers are advocates at Trinity Chambers, Delhi

Steel firms' margin likely to fall 2.5% on new raw material cess: ICRA

Our Bureau
Mumbai

Ratings agency ICRA expects steel companies' profit to shrink by about 2.5 per cent due to the new mining cess to be levied by some States, following the recent Supreme Court ruling.

The margins of primary steel producers such as Tata Steel and JSW Steel could shrink by about 0.60-1.80 per cent, while that of secondary producers, which are already reeling under lower profitability, may see a decline by 0.80-2.50 per cent based on cess rates expected between 5 and 15 per cent.

The power sector, which is heavily dependent on coal, may see a rise in the cost of supply by 0.6-1.5 per cent, potentially leading to higher retail tariffs. Further, primary aluminium producers will be impacted due to their high power consumption.

Girishkumar Kadam, Senior Vice-President, ICRA, said while most States have not set the rates yet, any substantial cess implemented could adversely impact margins, especially for secondary steel producers, as the merchant miners are expected to pass on the increased costs.

SC RULING

The recent Supreme Court ruling has brought renewed focus on the Orissa Rural Infrastructure and Socio-Economic Development Act, 2004, which permits a 15 per cent cess on iron ore and coal.

If fully enforced, it could result in an 11 per cent increase in the landed costs of



The assumptions come in the backdrop of the SC ruling allowing States to tax miners

iron ore and impact the cost competitiveness of domestic steel entities, he said.

In a related move, the Jharkhand government recently imposed a modest increase of ₹100 per tonne on iron ore and coal, setting a precedent that other States may follow.

This increase is expected to have a minimal impact on steel entities' operating margins, reducing them by about 0.30-0.40 per cent.

Furthermore, the possibility of States applying the cess retrospectively introduces additional uncertainty, potentially burdening companies with past tax liabilities.

However, the Supreme Court's provision for staggered payments over 12 years starting from April 1, 2026, without any interest and penalties on past demands offers some financial relief, Kadam added.

Primary aluminium producers will also be impacted due to their high power consumption, with costs potentially increasing by about ₹1,200-1,300 per tonne, assuming a 15 per cent cess, which represents 0.6 per cent of current aluminium prices.

Aluminium futures: Upmove gains momentum, go long

Gurumurthy K

bl. research bureau

Aluminum prices have been rising over the last few weeks. The aluminium futures contract on the Multi Commodity Exchange (MCX) had surged about 5 per cent last week.

COMMODITY CALL.

This rise has taken the contract well above the ₹223-₹224 resistance zone. The contract has increased further and is now trading at ₹231 per kg.

OUTLOOK

The short-term outlook is bullish. Immediate support is around ₹227.

The price action last week indicates the presence of strong buyers in the



₹224.50-224 region. So the region around ₹225 will continue to act as a strong support if a fall below ₹227 is seen.

However, we see high chances for the contract to sustain above ₹227 itself. MCX aluminium futures contract can rise to ₹235 in the next few sessions.

The price action thereafter will need a close watch. Failure to breach ₹235 can trigger a corrective fall to ₹230-228.

That corrective fall ex-

tending beyond ₹228 could be less likely. So, a fresh rise from around ₹228 will have the potential to breach ₹235. Such a break can take the MCX aluminium futures contract up to ₹240 in the short-term.

The aluminium contract will have to fall below ₹224 in order to negate the bullish view and become bearish. Only then a fall to ₹220 will come into the picture. But the charts are looking strong. So, a fall below ₹224 is unlikely now. Traders can go long now at ₹231. Accumulate on dips at ₹228.

Keep the stop-loss at ₹226.50. Trail the stop-loss up to ₹232 as soon as the contract moves up to ₹233.

Move the stop-loss further up to ₹233.50 when the contract touches ₹234 on the upside. Exit the long positions at ₹235.

New mining levies can raise consumer power bills: ICRA

Pricier coal to raise power producers' costs; ICRA sees steel, aluminum players margins shrink depending on the rates the States set for the new cess permitted by the Supreme Court

The Hindu Bureau

NEW DELHI

Fresh mining levies by States, enabled by a recent Supreme Court verdict, could trigger a rise in power tariffs for consumers, thanks to a 0.6% to 1.5% surge in costs for coal-fired thermal power producers, while margins of domestic steel and aluminium players could face a significant dent, rating agency ICRA said.

While most States are yet to decide on the new mining cess rates, a 2004 law in mineral-rich Odisha

Powering tariffs

An SC order allowing States to impose mining tax can raise power tariffs, impacting steel and aluminum margins, as per ICRA



- ICRA reckons if States follow Odisha and Jharkhand levies, the move could have only a modest 30-40 bps impact on steel industries' operating margins

- SC also allowed States to levy cess retrospectively in a staggered manner

- Retrospective levies can lead to additional uncertainty, according to ICRA

permits a cess of about 15% on iron ore and coal mining. Enforced fully, this could result in an almost 11% rise in the landed costs

of iron ore, impacting steel firms' competitiveness, ICRA estimated in a note. The Jharkhand government has imposed a mod-

est rise of ₹100 a tonne on iron ore and coal, which will have a minimal impact of 30-40 basis points (bps) on steel industries' operating margins. If other States adopt similar steps, the overall impact would remain modest, ICRA reckoned.

However, the possibility of States applying the cess retrospectively introduces additional uncertainty, potentially burdening firms with past tax liabilities though the SC has allowed staggered payments over 12 years starting April 1, 2026, with no interest and penalties for past dues.

Steel products from China continued to dominate India's market in April-July

Abhishek Law
New Delhi

One out of every three steel products imported into India is from China, indicating continued pressure on the domestic market and exports. The steel trade deficit for the April-July period widened to ₹11,592 crore, 30 per cent higher than the ₹9,036 crore reported for FY24, a Steel Ministry report accessed by *businessline* shows. India was a net importer of steel.

India had a trade surplus in the year-ago-period of ₹2,347 crore.

Finished steel imports stood at ₹24,941 crore for the first four months, and 2.7 million tonnes (mt) in volume terms - up 32 per cent y-o-y. On the other hand, export of the metal stood at ₹13,349 crore, or 1.6 mt, down 41 per cent y-o-y.

According to the report, global steel prices continued their declining trend in July, with "prices coming down in major steel markets" due to local and global issues.

"Barring a few aberrations, price of most of the finished steel products saw



RISING IMPORTS

- Finished steel imports stood at ₹24,941 crore for the first four months, and 2.7 mt in volume terms - up 32% y-o-y
- Shipments from China stood at nearly 0.8 mt, up nearly 42% y-o-y
- Steel trade deficit for the April-July period widened to ₹11,592 crore
- Exports stood at ₹13,349 crore, down 41% y-o-y

both month-on-month and year-on-year decline in India, China, the US and the European Union," the Ministry's report said.

SHIPMENTS UP

Shipments of the metal coming in from China stood at nearly 0.8 mt, up nearly 42 per cent y-o-y. Imports last year - for April-July period - were 0.57 mt. In value terms, imports stood at \$980 million (or ₹8,184 crore), up 37

per cent y-o-y. "China was the largest import market for India (30 per cent share)," the report said.

Stainless and alloy steel imports from the country accounted for 47 per cent of the shipments in value terms or ₹3,921 crore (0.31 mt), and the remaining 53 per cent or ₹4,263 crore (0.5 mt) was from non-alloyed imports.

Korea was the second largest import market with

0.787 mt of the metal coming in, up 178.4 per cent y-o-y. Japan, Vietnam and Taiwan were the other major import markets.

EXPORTS FALL

Steel exports continued to witness a decline across all the five key markets.

In the European Union, three of the larger markets - Italy, Belgium and Spain - saw a y-o-y decline of 49 per cent, 5 per cent and 57 per cent, respectively, for the four months of FY25. Outbound shipments to Italy dropped to 0.312 mt from 0.62 mt; in case of Belgium, it stood at 0.19 mt as against 0.21 mt a year-back; and in case of Spain, it stood at 0.108 mt as against 0.249 mt a year-back.

Shipments to the UK saw a 4 per cent y-o-y decline to 0.159 mt from 0.164 mt while in case of Nepal, it stood at 0.113 mt, down 57 per cent y-o-y, as against 0.26 mt in the year-ago-period.

The UAE, once among the top 5 export destinations, also saw a decline. Shipments dropped 44 per cent to 0.104 mt, as against 0.189 mt in the comparative period last year.

Govt proposes to allow coal purchase without end-use curbs

LONG-TERM LINKAGE. Move will allow domestic buyer to buy coal for up to 15 years

Rishi Ranjan Kala
New Delhi

The Coal Ministry has proposed to create a new window in the non-regulated sector (NRS) Linkage Auction Policy 2016, through which any domestic buyer can participate in the auction to procure the commodity for up to 15 years without any end-use requirement.

“Government is contemplating to enable long-term coal linkages to any domestic buyer of coal for own consumption, sale or for any other purpose. This would entail amendment to the NRS Linkage Auction Policy of 2016 and 2020,” Coal Ministry said in a note last week.

It also held consultations with stakeholders’ on the issue and has released an approach paper covering the modalities for the proposed amendments and has sought responses from stakeholders on the same. This assumes significance as NRS consumers include cement, steel, sponge iron and cap-



PENDING REQUEST. Long term coal linkages without end use restrictions has been a long standing demand

tive power units, which are an important part of the infrastructure sector. Long-term coal linkages without end use restrictions has been a long standing demand.

NEW AUCTION WINDOW

“Allocation of coal linkages on auction basis for sectors without requirement of any specified end use by adding a separate window in the NRS Linkage Auction Policy of 2016 wherein any domestic buyer requiring coal can participate in the linkage auction. This new window shall be termed as coal linkage for

own consumption, sale or for any other purpose,” the Ministry proposed. The present auction for specified end-user sub-sectors, as per the NRS Linkage Auction Policy, 2016, shall continue, it added. The Ministry proposed that an auction under the new window will be conducted after auctions of end-use specific sub-sectors (according to the 2016 linkage policy) take place.

The base or floor price of any source for the auction is to be fixed at reserve price (RP) not below the notified price, as may be decided by

the coal company. The RP for linkage auctions will be indexed by Coal India (CIL) and Singareni Collieries Company (SCCL) for subsequent years. However, the bid premium shall remain constant over the contract period.

The tenure of the fuel supply agreements (FSAs) may be for a maximum period of 15 years, it has proposed. It has also communicated to ministries to finalise norms for coal consumption of the industries under their administrative control and communicate the same. If the ministries do not share these norms, then the norms finalised by coal companies will be considered for assessment of normative requirements.

In FY24, the coal mining PSUs dispatched almost 163 million tonnes of coal to the NRS sector, a growth of around 22 per cent on an annual basis. Captive power plants (CPP) accounted for the majority of the despatch followed by sponge iron, steel and cement.

'Chile welcomes India's investment in mining, ready to negotiate economic partnership'

bl.interview

Aneesh Phadnis
Mumbai

Chile, which holds vast copper and lithium deposits, is keen to diversify its trading partners and open the country for more investments.

Alberto van Klaveren, Foreign Affairs Minister of the South American country, who is in on three-day visit to India met his counterpart S Jaishankar and interacted with corporates and film makers.

Chile welcomes Indian investment in mining and is ready to negotiate a comprehensive economic partnership agreement with India, van Klaveren told *businessline*.

India has signed an agreement with Argentina for exploring and mining lithium. Indian companies have shown interest in mines in Chile too. How does your government view Indian participation in mining sector?

Last year, we adopted a national strategy for lithium. As a part of the strategy, we are opening various deposits for exploration.

We have called for expressions of interest and a couple of Indian companies have expressed interest to



Our priority is to facilitate multiple entry business visas for Indians. This will help with the ease of doing business and will also be a part of the CEPA negotiations

ALBERTO VAN KLAVEREN,
Foreign Affairs Minister of Chile



participate in future tenders. We are opening 16 lithium deposits for investment and joint ventures.

Chile has a very open economy, and we are aiming to diversify our sources of foreign investment. We have investments from the US, Canada, Australia and China in mining. We welcome Indian investments in mining. Technology transfer for lithium processing is also possible but that will depend upon the nature of deposits in India.

We want to increase trade with India and also start negotiations for a Comprehensive Economic Partnership Agreement (CEPA).

Chile attracted \$21 billion in foreign direct investment last year - the highest in a decade.

Are you looking for

investment from Indian companies?

Most foreign investment in Chile is concentrated in mining and energy. We have European investment in hydrogen.

There is a significant Indian investment in Chile, represented by the Tata group. The TCS headquarters in Latin America is in our capital city of Santiago.

We are interested in attracting more Indian investment.

There are some joint ventures between Indian and Chilean companies in the pharmaceutical sector, and there is tremendous potential there.

We would like to attract Indian investment in the services sector, especially in information technology.

Is there a timeline for

conclusion of CEPA agreement between India and Chile?

We are ready for negotiations but we understand that the Indian government is holding internal consultations.

Forty per cent of Chile's exports go to China and are dominated by copper. Is your visit to India a part of strategy to diversify trading partners?

Traditionally, our exports to India consisted of copper. We want to diversify our exports. Agriculture is an important sector for us. Chile is a large producer of wines and one of the possibilities is to introduce more wines to India. Currently, there are high tariffs on wines and a reduction in tariffs will be an important part of the CEPA negotiation. There is an increasing demand for tropical fruits in Chile and giving access to Indian mangoes would also be part of the negotiations. India-Chile trade was \$2.7 billion last year, and that it is below potential.

What are your plans to attract Indian tourists?

We have a variety of landscapes in Chile and would like to attract Indian film producers for shoots. Our priority is to facilitate multiple entry business visas

for Indians. This will help with the ease of doing business and will also be a part of the CEPA negotiations.

Two years ago Chile elected left wing leader Gabriel Boric as its President. This had sparked apprehensions about uncertainty in Chile's politics and economy. How do you address the concerns?

There are no longer doubts about the openness of our economy and the best example of that is our trade policy. We are an integral part of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. There is continuity in economic and political policies. We have a very stable environment.

The Russia-Ukraine war has been going on for two years. How do you see Prime Minister Narendra Modi's visit to Ukraine and what role do you see for India in ending the conflict?

We would like to see a very active Indian role in global affairs. India is a prominent representative of the Global South. India and Chile and have common interests. We think India could act as a mediator between Russia and Ukraine to end the conflict.

