



KHANIJ SAMACHAR

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खनिज समाचार

KHANIJ SAMACHAR



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● CARAT CHATTER

As natural diamonds dull, lab-grown sparkle

ROCKS AND CRYSTALS. The downturn has hit the diamond sector in Surat hard, but orders are still pouring in for lab-grown stones

Avinash Nair

Walk into the manufacturing unit of Green Lab Diamonds at Surat and a framed picture of Prime Minister Narendra Modi unveiling a lab-grown diamond to be gifted to US First Lady Jill Biden, adorns the corridors. "A proud supplier of 7.5 carat round diamonds that reflect the country's prowess and strengthens relations," reads the caption under the picture.

It's a hive of activity inside the manufacturing unit at Gujarat Diamond Bourse, where more than 3,500 workers are hard at work polishing and chiselling the sparkling stones. Green Lab Diamonds is one of the biggest manufacturers of lab-grown diamonds (LGDs) in the country.

Though the diamond industry has lost its sparkle somewhat due to the downturn, Green Lab Diamonds is now readying a 4 lakh square feet facility which will help it double its capacity from the current 1600 reactors — a diamond growing chamber — that mimics the conditions inside the earth's crust and grows diamonds at 1,000-1,200°C.

"We have seven units in Surat. We are not only growing the diamonds in our labs, we are also cutting and polishing the manufactured rough diamonds and exporting them. We earn more than those involved in the business of natural diamonds do," says Sanket Patel, director of Green Labs that entered the LGD business in 2016.

Hailing from a family that has been in the business of cutting and polishing natural diamonds for 50 years, Patel says it was his father's call to enter the lab-grown diamond space. "Currently there is a lot of negative sentiment in the diamond industry. Despite this, our manufacturing units that usually operate between 9:30 am and 6:30 pm have extended working hours till 9 pm. We have a lot of orders and so we are doing overtime," he says.

Patel is lucky as the downturn in the diamond industry world-wide



POLISHING THE FUTURE. Workers in Green Lab Diamonds in Surat, Gujarat

has had a ripple effect in Surat, which depends a lot on exports. Diamond business owners blame the Russia-Ukraine and Israel-Palestine conflict for the current situation. The sanctions imposed by the US and the ban by G7 countries on diamonds from Russia (it is one of the largest suppliers of rough stones) have impacted the trade in Surat.

While Sanket Patel wants to wait for "market conditions to improve", he says, "There are about 11,000 LGD reactors in Surat, of which 4,000 would have closed down due to present market conditions. My uncle who is also in this business has closed down 1,500 reactors."

Official data from the Gem and Jewellery Export Promotion Council (GJEPC) show that the exports of lab grown diamonds grew by over 100 per cent in 2021-22. The growth continued in 2022-23 seeing 28 per cent growth in exports. However, in 2023, exports of lab grown diamonds fell for the first time. The gross exports declined by 16.5 per cent falling to \$1,402 million (₹11,611 crore) from \$1,680 million (₹13,468 crore) in 2022-23.

Smit Patel, Convenor of Lab Grown Diamond Panel at GJEPC and lab-grown diamond manufacturer says, "The value of exports of lab-grown diamonds have dropped, but the volumes in terms of carats have risen. The only thing that has dropped since LGD business started is the price per carat. It is a non-monopolised business and so there is a value correction."

He adds, "There was a rush of players entering the LGD business in the last five years. Now such people are exiting the business. The people who remain are those with a long-term vision. They are looking at creative ideas, different cuts, fancy shapes and the possibilities are endless because it is a lab-grown product."

STEALING SHARE

Lab-grown manufacturers like Smit Patel, who export 70 per cent of the diamonds to the US, UK, Europe and Australia, say consumers there are willing to pay a premium for a consistent supply of high-quality lab-grown diamonds in unusual cuts and colours that do not exist in

the natural rock. "The lab-grown industry is definitely eating into the share of natural diamonds. With attractive prices, people are preferring lab-grown diamonds. We are making 100 per cent Type-II A diamonds. Only a couple of mines in the world produce these pure diamonds," he added.

Since 2018, LGDs which are chemically, optically and physically identical to natural diamonds have been sparkling in Surat. The industry has specialised in growing diamonds using the Chemical Vapour Deposition or CVD process which require smaller and less expensive equipment compared to the high temperature method. Manufacturers have embraced this process as it allows them to grow diamonds quickly and cheaply, thereby keeping their workers busy and factories humming.

Players in both the natural and lab grown diamond space are on the same page when they say that the lab grown diamond industry has helped mitigate some of the adverse impacts of the downturn, especially when it comes to absorbing

laid off workers. Though there are no official figures to map this transition, Jagdish Khunt, President of Surat Diamond Association (SDA) who represents the players in the natural diamond business says, "The situation is not as bad as it was in 2008, when the entire industry came to a halt. The sales are down 25-30 per cent. Stocks are piling up... The diamond worker who used to earn ₹50,000 a month is now earning 30 per cent less as his work hours have been reduced and more holidays are being given. However, if it was not for the lab-grown diamond industry, a lot of them would be on the streets. It has been a blessing and a support for us."

Unlike natural diamond players, the lab grown diamond players are not making losses, he says. In 2023-24, the overall gross exports of cut and polished diamonds from India stood at \$15,966.47 million (₹1,32,128.29 crore), a decline of 27.58 per cent when compared to \$22,046.9 million (₹1,76,716.06 crore) for the same period of previous year. "Our diamond industry is 90 per cent dependent on sentiments in the overseas market. We are just hoping that there will be some improvement before the Christmas season. Currently our sales are down 30 per cent compared to last year and our stocks are rising," Khunt added.

Representatives of the Diamond Workers Union in Surat say the downturn has affected both natural and lab-grown diamond segments.

"The time period after *Jannashanti* is usually when the diamond industry in Surat is at its peak in preparation for the upcoming festive season. However, since the last six months, the situation has been bad with reduced working hours and layoffs. Our estimate is that 200 small units have shut down and 60,000 odd workers have been laid off. Some of them got absorbed by the lab-grown diamond units," says Bhavesh Tank, Surat City president of the Union.

Right now the lab grown diamond players are proving to be a rock — but if things don't improve, even the rock may crumble.

EoI floated for coal gasification technology for ₹13,000-crore Coal India-GAIL JV project

Press Trust of India
Kolkata

An expression of interest (EoI) for shortlisting licensors of coal gasification technology for a proposed coal-based synthetic natural gas (SNG) plant in West Bengal was floated by the GAIL and Coal India Ltd (CIL) joint venture responsible for promoting the project, an official said on Monday.

The project, valued at an estimated amount of ₹13,052 crore, considering a

debt-equity ratio of 70:30, was approved by the Cabinet, and coal for the plant will be supplied by CIL's subsidiary, Eastern Coalfields Ltd.

Coal India will hold a 51 per cent stake in the JV while GAIL will have a 49 per cent share.

"The EoI, floated by Projects & Development India Ltd (PDIL) on behalf of the JV, seeks responses from internationally reputed technology licensors with the requisite coal gasification technology, willing to provide it for the commercial



production of SNG," the official told PTI.

The document mentions, "The proposed JV of GAIL & CIL intends to set up an

80,000 NM³/hr synthetic natural gas plant at Eastern Coalfields Ltd in Bardhaman, West Bengal, using the surface coal gasification route."

On August 5, Coal India signed a joint venture agreement with GAIL (India) Ltd for this coal-to-SNG plant. The last date for the EoI submission is October 15.

Earlier, in February 2024, Coal India had signed a similar agreement with Bharat Heavy Electricals Ltd (BHEL) for India's first commercial-scale ammonium nitrate plant through the sur-

face coal gasification technology. A joint venture company, Bharat Coal Gasification and Chemicals Ltd (BCGCL), has been formed to implement that project in Odisha.

The Ministry of Coal aims to promote coal gasification with a target of 100 million tonnes by 2030.

FINANCIAL SOPS

The Union Government will offer financial incentives of ₹8,500 crore under three categories for coal/lignite gasification project to support green fuel.

राजस्थान : झॉफ्ट 2024 • खान विभाग में विभागीय केंडर का पुनर्गठन भी होगा

खनन में रॉयल्टी के ठेके बंद होंगे बजरी रेट कंट्रोल का पोर्टल आएगा

भास्कर न्यूज | जयपुर. राज्य सरकार प्रदेश में 33 हजार छोटी-बड़ी खदानों के लिए माइनिंग पॉलिसी के तहत जल्द ही नए नियम लागू करेगी। इसके तहत खनन में रॉयल्टी वसूली ठेका प्रथा खत्म होगी। आवा काजावा प्रक्रिया द्वारा ईट बनाने में लगे कुम्हारों को लाभ देने के लिए व्यावसायिक उपयोग में ईट मिट्टी पर रॉयल्टी में छूट मिलेगी। बजरी रेट को कंट्रोल करने के लिए पोर्टल व्यवस्था भी लॉन्च किया जाएगा, जो बजरी उत्पादन से लेकर आमजन को उचित दर पर बजरी उपलब्ध कराने में महत्वपूर्ण भूमिका निभाएगी। उधर, अवैध खनन की जगहों पर वैध खनन कराने के लिए खान विभाग काम करेगा। हालांकि, इसके लिए कई जिलों में पूर्व में ही जगह विभाग की ओर से चिह्नित की जा चुकी है। उधर, अवैध खनन पर जुर्माना राशि दो से तीन गुना भी संभव है। साथ ही वाहन जप्ती आदि प्रावधान शामिल है। गौरतलब है कि प्रदेश में 2015 के बाद इस तरह की बड़े स्तर पर खनन नीति राजस्थान सरकार लेकर आ रही है।

जीरो वेस्ट माइंस पॉलिसी का खाका : माइंस डिपार्टमेंट ने माइंस से निकलने वाले वेस्ट से निजात दिलाने के लिए जीरो वेस्ट माइंस पॉलिसी का खाका भी तैयार किया है। इसमें वेस्ट को तकनीकी के जरिए इस्तेमाल कराने और उसको उपयोगी कराने पर फोकस है। इसने एम सैंड यूज और इसको बढ़ावा देने के लिए योजनाएं तैयार की गई हैं। नए विद्यमान में सरकारी भूमि में चल रहे ओवरबर्डन डंपों की ई-नीलामी होगी, ताकि इसका उपयोग विभिन्न उद्योगों में किया जा सके। निजी भूमि में ओवरबर्डन डंपों के लिए विशेष व्यवस्था के तहत इसके निपटान का सरल अद्ययन प्रक्रिया तय होगी। (एम-सैंड) के उत्पादन को बढ़ाने और नदी की रेत पर निर्भरता को कम करने के लिए एक नई एम-सैंड नीति तैयार होगी।



गड़बड़ी करने पर खनन की रियायतें समाप्त हो जाएंगी

खान मालिक अगर खनन नियमों का उल्लंघन करेंगे तो उनको मिलने वाली खनन से जुड़ी तमाम सरकारी रियायतें खत्म कर दी जाएंगी, ऐसे में खान मालिक खान का संचालन नहीं कर सकेंगे। इसके अलावा खान ट्रॉसफर जैसे थिकल्प भी खान मालिकों के लिए खुले रहेंगे। खदानों का सीमांकन आदि से जुड़े विवाद भी विभाग समाधान कराएंगे।

विवाद खत्म कराएंगे और नई रियायतें तय होगी

खान विभाग खनन से जुड़े विवादों को भी खत्म कराएगा। खनन में नई रियायतों के ऑटो न्यूट्रेशन की शुरुआत करके नियामक प्रक्रियाओं को सरल बनाया जाएगा।

Aluminium futures hovering near resistance

Akhil Nallamuthu
bl, research bureau

Aluminium futures (September series) on the Multi Commodity Exchange (MCX) found support at ₹217 early last week and rebounded. On Monday, it closed at ₹231.8. The contract faces resistance at ₹234.

COMMODITY CALL.

If this level is breached, aluminium futures can establish a fresh leg of uptrend, which can lift the contract to ₹242, its nearest potential barrier. Subsequent resistance is at ₹250. But if aluminium futures fall off the hurdle at ₹234, it can drop back to ₹217.

TRADE STRATEGY

A break below the support at ₹217 can lead to the contract moderating further to



₹210. Short aluminium futures on the back of the resistance at ₹234. Place initial stop-loss at ₹238. When the contract drops to ₹225, revise the stop-loss to ₹230. Exit at ₹220.

In case the contract rises and hits the above-mentioned stop-loss, it would denote that the resistance at ₹234 has been breached. This means, aluminium futures can see a fresh leg of rally. So, if the stop-loss of the short trade is hit, traders can consider going long with a stop-loss at ₹232. When the contract rises to ₹245, alter the stop-loss to ₹240. Book profits at ₹250.

Fertilizer companies, mining industry raise concern on sharp increase in imports of ammonium nitrate

Suresh P. Iyengar
Mumbai

The sharp increase in import of ammonium nitrate (AN) from Russia has hit domestic fertilizer companies which are in the process of ramping up AN capacity with investment of over ₹4,000 crore. The mining industry has also raised concern over dependence on imports for sourcing AN, which is key for conducting blast before start of mining ores such as coal, iron ore and limestone.

India has an installed capa-

city of 10.96 lakh tonnes per annum and an additional 10.19 lakh tonnes per annum capacity is being set up by large fertilizer companies including Rashtriya Chemicals and Fertilizers, Gujarat National Fertilizer and National Fertilizer.

Early this year, Coal India signed a joint venture with BHEL to set up AN plant with an investment of ₹11,782 crore in Odisha. The plant will tap into BHEL's in-house developed Pressurised Fluidised Bed Gasification technology and use coal as raw material.



Shailendra Singh, Director General, Indian Ammonium Nitrate Manufacturers Association, said, import of ammonium nitrate has gone up to 2.39 lakh tonnes last fiscal from 91,236 tonnes in FY22 and this has resulted in the drop in domestic capacity

utilisation to 72 per cent (91 per cent).

CURTAIN IMPORTS

There is a significant price gap between domestic and imported supply of AN from countries which have access to low-cost subsidised natural gas, a key raw material for producing AN, he said. There is an urgent need to curtail imports so that domestic capacity is fully utilised.

Given the current fluid geo-political situation, it is important to support domestic production of AN, as

any disturbance in imports will have an adverse impact on coal mining and subsequently hamper power production in the country.

The government recently increased customs duty on import of AN to 10 per cent from 7.5 per cent. However, the industry feels that the rise in duty will have very little impact on the dumping by global suppliers. The impact of the hike in import duty is expected to be \$8-9 per tonne, which is very nominal and is unlikely to reduce imports, said a senior executive of a fertilizer company.

Hindalco develops copper alloys for high-speed mobility

Our Bureau
Mumbai

Hindalco Industries has developed a new copper-silver alloy for use in high-speed urban transportation, dedicated freight corridors and the rapidly expanding metro rail network. It said it is also making progress in developing copper-magnesium alloys to upgrade next-generation, sustainable electrification.

The Aditya Birla group company has one of the world's largest single-location copper smelter complexes at Dahej in Gujarat, with integrated port facilities. The company is also expanding the copper smelting capacity at the facility and exploring building a brown-field factory in Gujarat.

COPPER PRODUCTION

Gujarat has emerged as a significant centre of copper production not just in India but also globally, after China, as output surges and newer allied industries are coming up to meet demand, particularly from rapid urbanisation works, windmills and turbines, solar panels, electric vehicles and batteries, and everything involved with electrification.

Rohit Pathak, CEO - Cop-



per Business, Hindalco, said the electric mobility and renewable energy sectors are driving significant demand. The company is also setting up India's first e-waste recycling plant in Dahej to enhance the country's capabilities in copper recycling, he said.

In FY24, the company's copper sales topped 5 lakh tonnes for the first time, making the company the second-largest copper rod producer globally outside of China.

Hindalco's unit at Dahej comprises copper smelters, backed by a captive power plant, oxygen plants, by-product and precious metal plants, utilities and a captive jetty. It is building India's largest copper inner groove tube manufacturing plant at Wagodia, Gujarat. The project will be commissioned by the end of this calendar year.

Aug thermal coal imports slip to 12-month low on weak demand

Rishi Ranjan Kala
New Delhi

The country's thermal coal imports declined to a 12-month low in August 2024, reflecting the seasonal weakness in power demand as widespread monsoon rains brought down temperatures and the need to run cooling equipment.

Widespread rains, particularly in the north and north-west parts of the country, pushed up hydropower generation and lowered the demand on thermal power plants (TPPs).

According to energy intelligence firm Kpler, India's seaborne thermal coal imports fell by 14 per cent on a monthly basis last month to 11.82 million tonnes (mt). The shipments were almost flat on an annual basis.

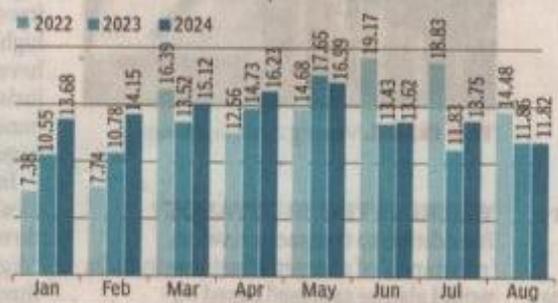
SEASONAL CHANGE

Zhiyuan L, dry bulk commodity analyst at Kpler, said the decline in seaborne thermal coal imports was mainly related to the ongoing monsoon rains.

"Above-normal monsoon rains reduced cooling demand and, thus, the overall power and coal consumption," he added.

According to Crisil Market Intelligence & Analytics, electricity demand in India is estimated to have declined by 5.3 per cent y-o-y to 144 billion units (BUs) last month even as the country received about 7 per cent excess rainfall during the month. This follows a 6.7 per cent y-o-y rise in electricity

Thermal coal imports In million tonnes



Source: Kpler

demand in July 2024. Power generation is estimated to have declined by around 3 per cent y-o-y at about 155 BUs in August 2024. Coal and renewable energy production contracted around 3 per cent and about 13 per cent, respectively, during the month.

In contrast, hydropower generation surged roughly 7.6 per cent Y-o-Y after two consecutive months of decline, as many states received ample rainfall, Crisil said.

"With the southwest monsoon covering more parts of the country in August, water level in 31 reservoirs and hydroelectric projects ticked up around 1 per cent over a year earlier. Thus, the share of coal and renewable energy in power production increased marginally on-year, while that of hydropower grew to about 15 per cent from around 13 per cent," it added.

"Despite that, the southwest monsoon is expected to be prolonged this year rather than follow the normal pattern of starting to retreat from northwestern India in

mid-September. "We expect thermal coal imports in September to rebound from the August low as continued weather-related disruptions in domestic coal production and potential restocking efforts following the massively dropped inventories at power plants will likely support the upside for imports," Zhiyuan said.

PRODUCTION DOWN

In August, domestic coal production experienced a rare 7.51 per cent y-o-y drop and stockpiles at power plants have dropped sharply by over 22 per cent, compared to the March peak, he added.

India's coal production and despatch fell to its lowest in over a year and a half with the growth rate slipping into negative territory during August 2024 as widespread and above-normal precipitation impacted mining and mobility.

According to Coal Ministry data, coal production fell by 7.5 per cent y-o-y and more than 15 per cent m-o-m to 62.76 mt, which is the lowest since March 2023.

HZL eyes expansion into zinc-based batteries

Abhishek Law
New Delhi

Vedanta-promoted Hindustan Zinc Ltd (HZL), the country's largest manufacturer, will take a call by the end of this year – likely around November or December on expanding its presence into the zinc-based or zinc-nickel battery making segment, its CEO and whole-time director, Arun Misra, said.

The company is looking at zinc-based batteries as an alternative to lithium ones, which are currently in focus for the global energy transition.

Hindustan Zinc is already collaborating with academic institutions and companies

to develop zinc-based batteries. MoUs include with JNCASR – to research and develop zinc alloys, electrolytes and recycling processes for zinc-based batteries; and with Aesir Technologies to develop nickel-zinc (NiZn) offerings.

The company has also roped in an "India-based battery maker" into the project.

TWO OPTIONS

Misra explained Hindustan Zinc will be the raw material supplier; with technology being developed by the overseas partners, whereas the India-based battery-maker will be deciding on investments including setting up the factory, the location, production capacities and so



Arun Misra, CEO

on. "Our role is primarily becoming an enabler...bring them together. If they require a guarantee of zinc supply for certain number of years till the factories are fully functional, we will provide the guarantee. We have two options. Either we say we provide zinc at an affordable price or some special discount or make an investment through equity.

We will choose one of the two options depending upon the parties involved," he told *businessline*.

Cost involved in a zinc battery will be "slightly lesser than lithium"; although the cost per hour will be much less.

Demand in India for such batteries would cover segments such as mobility and energy storage. The first adopters are like to be data storage facilities, solar power plants, small EVs (two to three wheelers), among others.

"So discussions are progressing quite well (with tech partner and battery-maker).

"By November or December, I think we'll conclude regarding the factory and the

where, how, when (part of the project)," Misra said.

According to Misra, also the Chairman of the International Zinc Association (IZA), domestic demand (in India) continues to be good, bucking global trends or volatilities. Prices continue to hover in the stable \$2700–2800 per tonne range.

Globally, zinc demand is expected to grow by 43 per cent in solar power applications, with the wind energy sector set to double by 2030. Energy storage solutions are projected to see a sevenfold increase over the next five years.

India is hosting Zinc College 2024, an international event organised by the IZA (and hosted by Hindustan Zinc).

MOIL explores overseas mine acquisitions for manganese, other ores

Abhishek Law
New Delhi

State-owned MOIL (formerly Manganese Ore India Ltd) is looking at overseas acquisitions of mines for manganese ore and other critical minerals, as part of its diversification strategy. It is also tapping into States such as Gujarat, Madhya Pradesh and Chhattisgarh.

The company is looking to expand into geographies, including South Africa and Gabon, Australia and LatAm nations like Brazil, for expansion of manganese ore extraction operations. The critical mineral asset acquisition strategy also is under the works, Ajit Kumar Saxena, Chairman and Managing Director, MOIL Ltd, told *businessline*.

South Africa is said to have the largest manganese ore reserves globally, while Gabon has around 25 per cent of the world's resources. Australia, on the other hand, is known to be a major exporter of manganese ore.

Incidentally, manganese ore is used in steel-making to regulate the manganese content in the hot metal.

"We are working with different state governments and looking at overseas geographies for manganese ore mining.

"Critical minerals, other than manganese, are something that we will also be looking at," Saxena said, while speaking on the sidelines of the 4th International Ferro Alloys conference.

EXPANSION IN INDIA

The company will also be entering into JV tie-ups with Gujarat and Madhya Pradesh governments for manganese ore mining. Exploration activities are being carried out in Chhattisgarh too.

According to Saxena, nearly 9.5 million tonnes of manganese ore reserves have been established in Gujarat and the company is in advanced discussion for a JV with the state government



Ajit Kumar Saxena, Chairman and MD, MOIL Ltd

and Gujarat Mineral Development Corporation Ltd (GMDC).

Production can start 12-18 months post finalisation of the JV. "We can apply for the necessary approvals only after the JV has been formalised," he said.

In Madhya Pradesh, resources have been established in the area allocated to MOIL, which will begin work on forming a joint venture with the State government and the State mineral development corporation.

In Chhattisgarh, exploration work to determine resource availability began in June.

10 MINES NOW

Currently, MOIL has 10 mines, located across Maharashtra — Gumgaon, Kandri, Munsar, Beldongri, Dongri Buzurg and Chikja — and MP — Sitapatore, Tirodi, Balaghat and Ukwa. For FY24, the miniratna company reported an annual production of 17.56 lakh tonnes (mt), up 35 per cent y-o-y. It is targeting 21 lakh tonnes for FY25 and has earmarked a capex of ₹320 crore.

Incidentally, MOIL accounts for over 50 per cent of the manganese ore produced in the country.

In FY24, India's production of manganese alloys (ferro and silico manganese) stood at 3.5 mt, out of which nearly half or 1.8 mt were exports.

Out of chrome alloys production of 1.5 mt, shipments stood at 0.75 mt. Total ferro alloys production was 5.2 mt, with exports at 2.6 mt.

KABIL gets non-invasive exploration permits for lithium blocks in Argentina

Abhishek Law
New Delhi

State-owned critical mineral exploration and mining agency KABIL (Khanij Bidesh India Ltd) has obtained permission to carry out non-invasive exploration in three out of the five recently acquired lithium blocks in Argentina.

Post submission of a detailed report, the company will be allowed to start exploration activities across these blocks, VL Kantha Rao, Secretary Ministry of Mines

and Coal, told *businessline*.

Typically, non-invasive mining exploration uses remote sensing and other techniques to identify and characterise mineralised systems without causing environmental damage.

"So far, in three of the five lithium blocks, KABIL has got permission to carry out non-invasive explorations. Once reports are submitted, permission will be obtained for exploration activities, and so on.

"We have guided for a two-year period to complete exploration activities, get the

mines to start production," Rao said on the sidelines of the FIMI AGM.

In January, KABIL signed a ₹200-crore lithium exploration pact for acquisition and subsequent commercial use of five blocks in Argentina.

It signed an MoU with the Argentinian state-owned entity CAMYEN (Catamarca Minera Y Energitica Sociedad Del Estado) and acquired the lithium brine blocks, namely Cortadera-I, Cortadera-VII, Cortadera-VIII, Cateo-2022-01810132 and Cortadera-VI.



VL Kantha Rao, Secretary, Ministry of Mines and Coal

The brine blocks cover an area of about 15,703 hectares in the Catamarca district of Argentina.

The MoU states that there is a five-year time-frame

given to KABIL within which exploration activities across these blocks have to start, failing which "hefty fines" have to be paid.

Rao said KABIL has already set up a branch office in the LatAm nation and roped in a local partner — contractor — to carry out exploration activities.

SEARCH FOR MINES

India is also on the lookout for more lithium mine acquisitions overseas.

In Australia, for instance, the consultant, E&Y, has "provided some leads" which

are being worked out. "There is no MoU there as of yet. But we have some leads on which KABIL is working on in Australia," Rao said.

This apart, Coal India has also expressed interest to tap into Chile and Argentina for more resources of lithium. Discussions are underway.

Despite discovery of some mines or sources in the country, whose commercial viability is under study, India completely relies on imports of lithium and lithium-based batteries with an import bill of over ₹25,000 crore, say sources.

Amid strong demand, lead prices poised for gains

Subramani Ra Mancombu
Chennai

Though lead prices have dropped by over 5 per cent year-on-year, the metal will likely gain over the next few months on demand strength, analysts have said.

On Thursday, three-month lead was quoted at \$2,070 a tonne on the London Metal Exchange. "Despite losses throughout June and July, August has seen lead rising significantly as the dollar weakened," said research agency BMI, a unit of Fitch Solutions.

Stricter emissions standards for battery makers in China, which lowered the content of bismuth in lead that can be delivered against contracts on the Shanghai Futures Exchange, led to tighter supply, it said.

As Chinese traders struggled to find material to



UPWARD TREND. Global lead output is projected to grow steadily this year, increasing in Australia, Brazil, Russia and the US

meet the new norms," July saw Mainland China become a net importer of refined lead for the first time after years of being a net exporter, propelling prices higher, the research agency said.

MARKET OPTIMISM

The World Bank, in its Commodity Outlook, said lead demand growth is set to pick up a tad in the remainder of 2024, primarily driven by a gradual recovery in automotive sector activity—particu-

larly the production of hybrid and internal combustion vehicles.

"Approximately 85 per cent of lead demand stems from battery production, with two-thirds of this demand coming from the automobile industry; and over three-fourths of automotive demand reflects the predictable need for replacement batteries," it said.

BMI said prices of lead, used in car batteries, ammunition, cable sheathing,

lead crystal glass, radiation protection and in some solders, will remain supported in the coming months, as market optimism around lead supply and demand strengthens.

ING Think, the economic and financial analysis wing of Dutch multinational financial services firm ING, said lead inventories rose by 18 per cent week-over-week to 30,525 tonnes.

The International Lead and Zinc Study Group (ILZSG), an arm of the UN, said global production of the metal fell 0.8 per cent in the first half of 2024 mainly as a result of lower output in China and Canada, where a scheduled maintenance at Teck Resources' Trail operations impacted production in the second quarter.

PRICE FORECAST

BMI said as refined lead demand in China accelerates in

2024, it expects China to remain an importer in the months ahead.

"We have maintained our lead price forecast for 2024 at \$2,200/tonne, and expect the market to remain fairly balanced in the coming months. Prices have averaged \$2,128/tonne in 2023, and \$2,135/tonne in the year-to-date as of August 28, 2024," it added.

The World Bank, however, said average lead prices are expected to ease somewhat in both 2024 and 2025, as a steady increase in supply outweighs demand growth at the margin.

Global lead output is projected to grow steadily this year, increasing in Australia, Brazil, Russia, and the US, it said. BMI said supply growth will be weak in 2024.

"We forecast refined lead production to grow by just 1 per cent in 2024 after growth of 5.5 per cent in 2023.

Copper futures probing resistance at ₹816

Akhil Nallamuthu
bl. research bureau

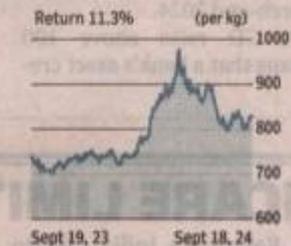
Copper futures on the Multi Commodity Exchange (MCX) have been charting a sideways trend over the past two months. The contract has been oscillating between ₹775 and ₹816. Within this range, the September futures

COMMODITY CALL.

bounced off the support at ₹780 last week to close at ₹808.95 on Wednesday.

Notably, the price is now above both 20- and 50-day moving averages, a bullish sign. However, the copper futures is yet to break out of the resistance at ₹816. The 38.2 per cent fibonacci retracement of the prior downswing coincides at this barrier, making it a strong one.

In case the contract



breaches ₹816, it can see a quick rally to ₹850, a potential resistance. A move past this can take copper futures to ₹875. On the other hand, if the contract falls off the resistance at ₹816, it can find support at ₹800. A break below this level can drag the contract to ₹780.

TRADE STRATEGY

Stay on the fence for now and initiate fresh longs when copper futures break out of ₹816. Keep stop-loss at ₹795. When the contract rallies to ₹840, revise the stop-loss to ₹825. Book profits at ₹850.

Gold set to glitter more post US Fed rate cut

BRIGHT TRACK RECORD. History suggests that crises coinciding with Fed rate-cut cycles have given the precious metal the safe haven push

Gurumurthy K
blresearch bureau

The much-awaited US Federal Reserve rate-cut is finally here. History suggests that gold gains more sheen than other assets such as equities, currencies or bonds during a rate-cut cycle in the US.

The Fed came up with a surprise last week by cutting the interest rates by 50-basis points (bps). Their projections (dot plot) also indicated the possibility of another 50-bps cut for the rest of the year.

The forecast also keeps the doors open for another 100-bps cut in 2025 and a 50-bps cut in 2026.

GOLD SHINES

A study on the US rate-cut cycles since 1989 reveals that barring the 1989-1992 period, gold prices have risen appreciably during other rate-cut phases.

The global spot gold price fell 3 per cent from \$362 per ounce to \$350 per ounce when the interest rate in the

The golden performance

Rate cut cycle	US Fed fund rate (%)		Gold price (\$/ounce)		Change in gold price (%)
	Peak	Bottom	At the interest rate peak	At the interest rate bottom	
1989 to 1992	9.75	3	362	350	-3.3
2000 to 2003	6.50	1.00	272	346	27.2
2007 to 2009	5.25	0.25	673	882	31.0
2019 to 2020	2.50	0.25	1,409	1,577	11.9

Source: Bloomberg

US was cut from a peak of 9.75 per cent (in May 1989) to 3 per cent in (September 1992).

However, the three major rate-cut cycles after that were very good for gold. Among these cycles, the 2007-2008 rate-cut phase was the best when gold prices surged 31 per cent.

In the other two rate-cut cycles, that is, in 2000-2003 and 2019-2020, gold prices rose about 27 per cent and 12 per cent, respectively.

DRIVING FACTORS

Two major factors drove gold prices higher during the last three rate-cut cycles.

First, the US Treasury yields fell sharply all along the rate-cut cycles.

Treasury yields and gold prices have a strong inverse correlation.

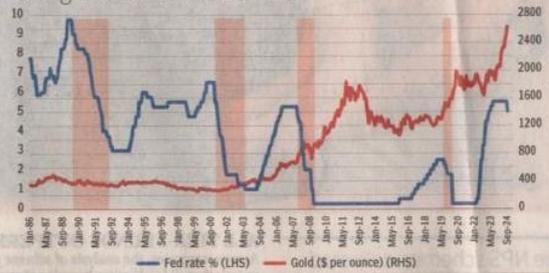
So, as the yields fell, gold prices rose. For instance, during the 2000-2003 rate-cut cycle, the US 10-year Treasury yield fell from 5.1 per cent to 3.5 per cent while gold prices surged 27 per cent.

Second, all the three rate-cut cycles have witnessed a crisis in some form.

The dotcom bubble and the 9/11 attack happened during the 2000-2003 rate-cut cycles.

Similarly, the Global Fin-

Gold gains as interest rate falls



ancial Crisis (GFC) happened during the 2007-2008 rate cut cycle.

Now that the rate-cut cycle has begun, will there be a crisis this time, too? Amit Goel, Co-Founder and Chief Global Strategist, Pace 360, says, "there is 80 per cent probability that the US is going into a recession in the next twelve months. The Fed can bring down the interest rates to 2 per cent by 2026."

Sachin Jain, Regional

CEO, India, World Gold Council, says, "the 50-bps rate-cut this time purely suggests that the Fed is seeking to pre-empt some weakening in the US economy and the labour market." However, he does not see a recession, only a slowdown.

MORE RISE AHEAD

Experts believe that gold prices can see a correction and then go up again.

Apart from the rate cuts,

there are other factors that can support the yellow metal price.

Global central banks going on a buying spree last year was one on the reasons for the gold price surge.

"Central banks have stepped back from buying for some time now. If they come back into the picture again and increase the pace of buying, that can push gold price higher," says a Commodity and Currency analyst from Emkay Global

Financial Services. "In a survey of central banks, 29 per cent of them had said that they will continue to buy gold for reserves," adds WGC's Sachin Jain.

ETF DEMAND

A possible increase in demand from the Exchange Traded Funds (ETFs) can be another factor that can push the price higher.

Renisha Chainani, Head of Research, Augmont Gold For All, says, "Last year ETFs were absent in the market."

"But this year their demand is high. So, this can support gold price rise."

According to Chainani, there can be a 4-5 per cent correction in gold prices from current levels for the rest of September after which they can rise in the final quarter this year.

"Festival season physical demand in India can drive gold prices higher in the last quarter this year and more rate-cuts from the Fed in 2025 will be a positive for gold prices to go further higher next year," she says.

Gold set to break out

BULLION CUES. Silver probing a barrier

Akhil Nallamuthu

bl. research bureau

Precious metals advanced last week. In terms of dollars, gold and silver appreciated 1.8 per cent and 1.3 per cent last week and closed at \$2,622 per ounce and \$31.1 an ounce respectively.

Similarly, in the domestic market, gold futures (₹74,821 per 10 gram) was up 0.9 per cent and silver futures (₹90,135 per kg) rallied 1.1 per cent.

MCX-GOLD (₹74,821)

Gold futures (December) rose after finding support at ₹73,600 last week. It has been making higher highs since early August.

Given the current momentum, gold futures will most likely break out of the ₹75,000-mark and touch ₹78,000 in the short term. The price band of ₹78,000-80,000 is a potential barrier.

But if there is a fall from the current level, gold futures can find support at ₹73,600. Also, there is trendline support at this level, making it a key base.

Trade strategy: Buy gold futures at ₹74,820 and on a dip to ₹74,000. Place stop-loss at ₹73,300. When the contract rises



GETTY IMAGES/STOCKPHOTO

to ₹76,500, revise the stop-loss to ₹75,500. Exit at ₹78,000.

MCX-SILVER (₹90,135)

Silver futures (December) rebounded on the back of a support at ₹88,000. However, it is now facing a resistance at ₹90,800. This should be breached for the bulls to gain traction.

If ₹90,800 is invalidated, silver futures can rally to ₹96,500.

But if the contract slips below the nearest support at ₹88,000, it can extend the downswing to the ₹86,000-85,000 support zone. Both 20- and 50-day moving averages coincide at ₹86,000.

Trade strategy: Stay off for now. Go long if silver futures surpasses ₹90,800. Keep stop-loss at ₹88,000. When the contract rises to ₹94,000, modify the stop-loss to ₹91,500. Exit at ₹96,200.

Coal import rises 41% to 25.23 MT in July

INDIA'S coal import rose by 40.56 per cent to 25.23 million tonne (MT) in July, according to data compiled by B2B e-commerce platform mjunction services.

The country's coal import was 17.95 MT in the corresponding month of previous fiscal.

Coal import also rose to 100.48 MT in the April-July period of the ongoing fiscal from 89.11 MT a year ago, it said.

Mjunction MD & CEO Vinaya Varma said the import demand is likely to be buoyant in coming weeks, ahead of the festive season next month.

"Imports of non-coking coal showed an uptrend amid softening of prices in the seaborne market.

There, however, was a drop in coking coal volumes due to tepid demand from the steel mills," mjunction services said.

Of the total imports in July, non-coking coal's share stood at 16.52 MT, against 10.16 MT imported in the same month a year ago. Coking coal import volume was 4.81 MT against 5.03 MT in July last fiscal.

During the April-July period, non-coking coal import was higher at 65.64 MT compared to 56.69 MT a year ago. Coking coal import was marginally up at 20.26 MT as against 20.24 MT.

Coal and Mines minister G Kishan Reddy had earlier said that India should increase domestic production of the fossil fuel and reduce coal imports.

WCL's innovations add new chapter to effective PR

■ Business Reporter

INA bid to disseminate proper information among the stakeholders about coal industry, city-based subsidiary of Coal India Limited, Western Coalfields Limited (WCL) has proved that, sensitive task like Public Relations (PR) of a government company can also be done in a different manner and without misuse of public money, through its innovative and modern communication approach.

Public Relations Officer Asheesh Tayal, under the guidance of WCL management, is successfully carrying out the authentic work of public relations through disseminating the correct information about the coal industry to the general public with the help of senior officials through "WCL Samvad" and "WCL Deep Jyoti" innovative communication initiatives.

It is known that due to lack of proper information about the coal industry, the image of this industry remained unchanged among the stakeholders, even today. Although there is no doubt that the major share of the country's GDP depends on the coal industry, still perception of stake-



holders about the industry is to be improved. With this contemplation in mind, Tayal started two programmes called "WCL Samvad" and "WCL Deep Jyoti" as unique and sustainable communication initiatives about three and a half years ago.

The programmes are being broadcast through the official social media platforms of WCL. General Manager of WCL P Narendra Kumar said that no direct expenditure of the company is being made on these programmes being run through available internal resources.

This unique initiative of its kind being run among all the public and private enterprises of the country have proved to be an effective plat-

form to establish meaningful dialogue with various stakeholders associated with the mining industry. These programmes are not only encouraging transparent dialogue among stakeholders, but also providing an opportunity to the employees with various achievements to come forward on the world stage.

He added that the prime objective of "WCL Samvad" is to share knowledge on the industry with employees and stakeholders, in order to change the perception of stakeholders towards the industry and to establish direct connect with them. He further added that Tayal is holding communication and discussion series with the top level officials of the coal industry continuously to update stakeholders.

At the same time, through another programme, "WCL Deep Jyoti", the talents and achievements of employees and their family members are being brought forward to the world stage. "These new initiatives in the field of public relations have strengthened the work of increasing transparency in the industry, empowerment of employees including our stakeholders," Tayal said.

Gems, Jewellery Exports Decline 18.8% in August

Our Bureau

Kolkata: The exports of gems and jewellery from India in August witnessed a decline of 18.79% to \$2012.51 million as compared to \$2478.23 million for the same period last year, according to data released by the Gem & Jewelle-

ry Export Promotion Council (GJEPC).

This decline in exports can be attributed to the overall slowdown in global consumption as the geo-political tension continues to remain a deterrent to demand, compelling buyers to make cautious buying decisions.

The export of cut and polis-

hed diamonds saw a decline of 23.8% in August 2024, standing at \$1036.63 million compared to \$1360.39 million for the corresponding period last year. This is due to the overall dip in international markets. Moreover, with the pro-longed geo-political crisis, US elections app-



roaching along with low demand from a key market like China has further pushed the exports downwards.

Imports of rough diamonds stood at \$4978.04 million in August 2024, showing a decline of 22.58% when compared with the imports for the same period last year which stood at \$6429.76 million.

Gems, jewellery exports dip 19% in August

Our Bureau
Mumbai

Gem and jewellery exports fell 19 per cent in August to \$2.01 billion (₹16,884 crore) compared with \$2.48 (₹20,525 crore) in the same period last year, largely due to lower demand amid geopolitical tensions.

Imports decreased 28 per cent to \$1.45 billion (from \$2.01 billion) due to reduced demand in the domestic market.

POSITIVE OUTLOOK

However, with the onset of the festival season, the scenario is expected to take a positive turn, thereby reinstating the demand.

Cut and polished diamond exports fell by 24 per cent while imports decreased by 36 per cent.

Rough diamond imports decreased by 23 per cent. Polished Lab Grown diamonds exports fell by 15 per cent last month.

Gold jewellery exports



With the onset of the festival season, the scenario is expected to take a positive turn

also declined marginally by one per cent, while coloured gemstone shipments dropped by 20 per cent.

Colin Shah, MD, Kama Jewelry said with over 60 countries in the world holding elections in the days to come, trade activities could witness a slowdown for the time being due to various restrictions.

However, he said normalcy should return once the elections are over in the concerned countries, which will help in the revival of demand.

NMDC eyes 50 MT output in FY2025

The Hindu Bureau
HYDERABAD

State-owned NMDC with a record 45 million tonne (MT) iron ore output last fiscal, is eyeing 50 MT in FY25, CMD Amitava Mukherjee said on Tuesday.

"The journey from here on will be guided by an ambitious growth strategy. The company is investing in capacity expansion and new infrastructure to augment capacity to 72 MT from existing iron ore mines while also developing NCL (NMDC CMDC Ltd.) JV mines to contribute another 28 MT," he said, at the firm's 66 annual general meeting.

Leveraging strengths and optimising constraints

will drive achieving 100 MT production capacity by 2030, he said. This target aligns with the national steel policy vision to raise India's steel production capacity to 300 MT by 2030.

He added NMDC would transition to slurry pipelines and rail from roads to reduce carbon emissions in its supply chains. Progress in this direction is underway with doubling of the Kirandul-Kothavalasa railway line set to be completed in FY25 and the 15 MTPA slurry pipeline from Bachel to Visakhapatnam set to be readied in FY27.

In FY24, NMDC produced 45.02 MT and sold 44.48 MT of iron ore, a 10% and 16% rise respectively compared with FY23.

Retain shorts in aluminium

Akhil Nallamuthu
bl. research bureau

Aluminium futures (September series) on the Multi Commodity Exchange (MCX) has been charting a sideways trend over the past few sessions.



COMMODITY CALL

The chart shows that the contract is facing a stiff resistance at ₹234. This is the barrier which capped the rally that began at ₹218 two weeks ago.

In order to establish another leg of rally, aluminium futures ought to break out of ₹234.

If such a move occurs, the contract can rise to ₹242. Resistance above ₹242 is at ₹250.

On the other hand, if aluminium futures decline from the current level of ₹229, it

can retest the support at ₹217. A breach of this can lead to the downswing extending to ₹210.

TRADING STRATEGY

Last week, we suggested initiating short on aluminium futures at ₹232 with a stop-loss at ₹238. Retain this position.

Going ahead, when the contract drops to ₹225, revise the stop-loss to ₹230. Exit at ₹220.

If neither target nor stop-loss mentioned above is triggered before the expiry i.e., September 30, exit the position on the expiry day.

Metal stocks in demand on China's stimulus package

Press Trust of India
New Delhi

Metal stocks were in the limelight on Tuesday after China announced a series of policy measures to support its economy and property market.

Shares of National Aluminium Company jumped 6.16 per cent, Tata Steel surged 4.29 per cent, Hindalco Industries soared 3.98 per cent, NMDC (3.90 per cent) and Vedanta (3.80 per cent) on the BSE.

The stock of SAIL climbed 3.20 per cent, Jindal Stainless (2 per cent) and Jindal



Steel (1.91 per cent). China announced rate cuts and a raft of stimulus measures to help its economy and property market. "The Chinese central bank's rate cut and additional stimulus measures have positively influenced global investor sentiment, resulting in gains for

domestic metal stocks," Vinod Nair, Head of Research at Geojit Financial Services, said. "Metal stocks were in focus after China's central bank announced a series of policy measures to support the economy and the struggling property market," Siddhartha Khemka, Head - Research, Wealth Management at Motilal Oswal Financial Services, said.

Deepak Jasani, Head of Retail Research at HDFC Securities, said, "risk appetite for metal stocks improved after China's central bank announced a slew of measures to boost the world's second-largest economy."

Steelmakers seek protection from rising Chinese imports

WANT SAFEGUARDS. Industry leaders write to FM, urging tougher trade barriers against predatory pricing

Abhishek Law
New Delhi

India's steelmakers have written to Finance Minister Nirmala Sitharaman, seeking safeguards for their committed investments and protection against predatory-priced imports from China. Citing global examples, the steelmakers are seeking trade actions such as anti-dumping duties, import tariff increase, among others, similar to measures taken by the US, Canada, LatAm nations and Europe.

In a letter dated earlier this month, the steelmakers through their umbrella organisation, the India Steel Association (ISA) have stated that countries like the US have imposed a 25 per cent duty on all steel products coming in from China, with up to 100 per cent duty on select offerings including steel.



IN A BIND. A prolonged housing demand slowdown in China, saddled with a glut of the metal, has led to a skewing of prices

The ISA includes Naveen Jindal's JSPL, JSW, AMNS India, Tata Steel and PSU major SAIL, among others.

CALL FOR DUTY HIKE

Similarly, Europe has imposed a 25 per cent duty, as TRQ Safeguard, on Chinese steel coming in, while Canada has proposed duty imposition starting October 2024. Tur-

key also has anti-dumping tariffs ranging between 20.5 per cent and 57.5 per cent. Asian nations such as Japan, Vietnam and Malaysia have also initiated anti-dumping probes.

"...most countries are raising barriers to imports from China and others to safeguard their domestic market," the ISA wrote in its

letter (reviewed by *businessline*).

The association has pointed out that, on an average, investments amounting to ₹70,000 - 75,000 crore are made annually by steelmakers. These are "now at risk, due to erosion of margins".

SAFEGUARD DUTIES

Chinese steel imports into India have increased by 93 per cent year-on-year (y-o-y) in FY24, with India turning a net importer of steel.

In the first five months of this fiscal (April - August), the country has continued to remain a net importer of the metal, while the trade deficit (in steel) has already exceeded the FY24 numbers.

Apart from pitching for higher import duty — doubling to 15 per cent from the existing 7.5 per cent — the steelmakers are also calling for high safeguard duties (up to 25 per cent), export duty

on low grade iron ore (iron content below 58 per cent) and the removal of the lesser duty rule.

A prolonged slowdown in housing demand in China, which is saddled with a glut of the metal, has led to skewing of the prices.

The steel mills, citing a NITI Aayog report, maintained that they absorb around \$80-100 per tonne outside the factory gate; which incidentally is not paid by importers. They are seeking a level playing field which would mean adding a similar amount to the landed cost of the metal shipped into the country.

Meanwhile, the Indian steel exporters are also facing a variety of trade barriers, resulting in a roughly 40 per cent fall in outbound shipments, apart from increased competition from Chinese offerings, which continue to sell at predatory prices.

COMMODITY CALL.

Go long in zinc futures

Akhil Nallamuthu
bl. research bureau



Zinc futures on the Multi Commodity Exchange (MCX) have been stuck in a range for nearly two weeks. The October contract has been moving between ₹264 and ₹272.

On Wednesday, the contract broke out of ₹272 and closed at ₹275, turning the outlook positive. Going ahead, we expect the contract to rise further.

The charts indicate that zinc futures are likely to touch ₹290 in the short-term. A breach of ₹290 can lift the contract to ₹300.

On the other hand, if the contract falls from the current level, it can find its first support at ₹272. Subsequent support is at ₹264.

Nevertheless, as it stands, zinc futures might see a minor decline from here, probably to ₹270. But it will eventually regain the bullish momentum and start moving towards the ₹290-300 price band.

TRADING STRATEGY

Buy zinc futures now at ₹275 and add longs if the price dips to ₹270. Place stop-loss at ₹264. When the contract rises to ₹285, revise the stop-loss to ₹280. Book profits at ₹290.

Traders who wish to take lesser risk can stay away for now and go long if the price drops to ₹270. Target, stop-loss and adjustments can be followed as mentioned above.

Diamond polishing industry revenue may fall to a 10-year low: Report

Our Bureau
Mumbai



Hit by a fall in demand, revenue of the natural diamond polishing industry may drop to a decadal low after an expected fall of 27 per cent to \$12 billion this fiscal.

The muted demand in the US and China has led to a fall in exports even as diamond prices have dipped 10-15 per cent amid oversupply.

This apart, lab-grown diamonds (LGDs) have gained market share due to their affordability and high resemblance to natural ones, said Crisil Ratings.

SLACK DEMAND

Declining for the third fiscal in a row, the industry's revenue contracted 29 per cent in the previous fiscal and 9

per cent in FY23. An analysis of 40 companies rated by Crisil Ratings, accounting for nearly one-fourth of the industry, revealed that the sluggish demand from the US could drag India's diamond exports by 43 per cent in value terms over the past two fiscals with the share of the US in India's diamond exports reducing to 35 per cent last fiscal from over 40 per cent two years ago.

On the other hand, demand for gold jewellery is rising in China, which makes

up 28 per cent of India's exports, as gold is seen as a safer investment with better returns during economic uncertainty.

A sharp decline in diamond prices over the past 2-3 fiscals has hindered the revival of demand for natural diamonds.

CHEAPER LGDS

Further, the youth in these key export markets is increasingly embracing LGDs as limited disposable incomes are constraining discretionary spends. This is further eating into the share of natural diamonds.

Rahul Guha, Director, Crisil Ratings, said the market share of LGDs, which are 90 per cent cheaper, has increased to about 25 per cent by value in the US from 8 per cent two years ago.

Amid rising imports, domestic steel firms cut prices to protect market share

UNDER PRESSURE. Hot-rolled coil prices dipped to their lowest in the last four years to ₹47,100 per tonne

Suresh P. Iyengar
Mumbai

The hot-rolled coil (HRC) prices dipped to their lowest in the last four years to ₹47,100 per tonne this month after falling 5 per cent compared with August.

The landed cost of imports from China is hovering at ₹46,874 per tonne, while that of South Korea is ₹46,838. Thus, the price difference between domestic and imported steel prices has fallen to ₹226 per tonne from China and ₹262 per tonne from South Korea.

Depending on demand, domestic steel companies charge a premium of ₹1,000-2,000 per tonne for quick delivery of stock, compared with 45 days for imports to arrive from China.

SUPPLY SURPLUS

The brownfield capacity expansion of large steel com-



ASKING PRICE. Depending on demand, domestic steel companies charge a premium of ₹1,000-2,000 per tonne for quick delivery of stock ISTOCK.COM

panies such as JSW Steel, Tata Steel and JSPL has gone on stream when the demand has slowed down, leading to a surplus in supply.

Moreover, the mining major NMDC, which entered the steel business recently, has started tapping the market aggressively, adding to the supply-demand imbalance.

The supply surplus, combined with large-scale imports, has exerted substantial downward pressure on steel prices in India, creating a challenging landscape for the industry, said a steel company executive.

Priyanka Biswas, Research Analyst, BNP Paribas India, said with this sharp de-

cline and rise in prices of HRC imports from China, Indian HRC prices are no longer at a premium to Chinese imports.

Prices of rebar (used in construction) fell ₹600 per tonne and are now at a ₹3,000 per tonne premium to HRC. The rise in the premium of rebar over HRC

is likely due to supply disruption at Rashtriya Ispat Nigam, as two of its three blast furnaces have closed and production is slowing down at the third furnace due to a shortage of funds and raw materials (particularly coking coal), said Biswas.

OUTLOOK TOUGH

Jathin Kaithavalappil, AVP, Institutional Research, Choice Broking, said given the twin challenges of weak demand and low prices so far, the outlook for the domestic steel sector in Q2 is expected to be tough, even while the country continues to remain a net importer of steel.

Though there is uncertainty about the timing of the turnaround, he added there is a possibility of recovery in the latter half of the year when infrastructure projects kick-start and global demand stabilises.

NMDC Steel on the Verge of Breaking Even at Operating Level, says CMD

Nikita Periwal

Mumbai: NMDC Steel is set to achieve breakeven at an operating profit level in the first half of this financial year, said chairman and managing director Amitava Mukherjee.

The steel maker was demerged from state-owned miner NMDC in 2022, and it got listed as a separate entity in 2023. The company operates a three-million-tonne per year steel plant in Nagarnar, Chhattisgarh.

"For the year ahead, NSL is on the verge of breaking even and aims to consistently produce 210,000 tonne of hot metal and 150,000 tonne of HR Coil monthly by Q3 FY25," Mukherjee told shareholders.

NMDC Steel began operations in August last year, producing a million tonne of hot rolled coils within a year of production. The company incurred a net loss of ₹2.201 crore on a revenue of ₹3,049 crore in FY24.

While the company recorded about 50% utilisation of its sinter and blast furnace as of March, utilis-



AMITAVA MUKHERJEE
Chairman and MD, NMDC Steel



As we move forward, NSL will prioritise operational excellence,

strategic growth and sustainability, with a commitment to continuous improvement and value creation for all stakeholders

tion of the finished steel mill was nearly 40%.

"This resulted in lower absorption of fixed costs as well as higher reliance on sale of semi-finished goods, such as pig iron, which have lower realisation value, resulting in operating losses in fiscal 2024," the company said in its latest annual report.

The Nagarnar plant was built with an investment of about ₹24,000 crore. The company spent

another ₹1,226 crore on capital expenditure last fiscal.

"As we move forward, NSL will prioritise operational excellence, strategic growth and sustainability, with a commitment to continuous improvement and value creation for all stakeholders," Mukherjee said.

Since its listing in March 2023, shares of NMDC Steel have risen more than 53%. The Union government continues to hold a 60.79% stake in the company.

In August, NMDC Steel produced 125,000 tonnes of HR coils, a record for a month. It produced 494,000 tonnes of HR coils in FY24.

According to Crisil Ratings, NMDC is seeing an operational improvement even on a sequential basis, with an operating rate of 48% in June this year, up from 38% in the March quarter.

The rating agency, which had a 'Watch Developing' rating on the company as of July, said an improvement in utilisation rate and higher sales volume will support operational efficiency over the medium term.

NO PLANS FOR PRIVATISATION

SteelMin Pushes for Merger of Debt-hit RINL with SAIL

Co, which defaulted on debt servicing of ₹410 cr till June, has net debt of ₹20k cr

Survival Plan
RINL TO MERGE WITH SAIL...
 ▶ Steel Ministry prepares ground
 ▶ RINL facing financial crunch
 ▶ Defaulted on term loans

...REVIVAL PLAN
 ▶ Handholding by SAIL management
 ▶ Capital infusion to pare debt
 ▶ Secure coal supplies

Twesh Mishra

New Delhi: The steel ministry is "actively working" towards merger of Rashtriya Ispat Nigam (RINL) with Steel Authority of India Ltd (SAIL), said a senior government official, a development that comes in the backdrop of outgoing RINL chairman Atul Bhatt opting for leave till retirement amid worsening financial health of the troubled state-run firm.

"We do not want to privatise RINL," the official told ET on condition of anonymity, adding that SAIL would be tasked with hand-holding the management of its fellow public sector undertaking and infusing funds to pare debt. Other plans such as selling RINL's land to fund inter-

est payments are being put on the back burner, the official said.

RINL, the corporate entity of Vizag Steel Plant, defaulted on servicing of term loans of ₹410.5 crore up to June. The firm incurred a loss of ₹2,859 crore in 2022-23 and has net debt of ₹20,400 crore.

Privatisation of RINL was ruled out by Union steel minister HD Kumaraswamy shortly after he took charge in July.

In February, RINL had called for sale of non-core surplus freehold land parcels in Visakhapatnam. The property was divided into 111 plots across 19 blocks.

However, the official said, "Selling land to pay back debt is not a solution to RINL's problems."

■ NMDC Steel on Verge of Breaking Even: CMD ▶▶ 5



Steelmakers seek higher tariffs amid Chinese supply surge

Reuters
NEW DELHI

India's steelmakers have called on the government to double tariffs on steel imports to curb a surge in cheaper steel shipments from China, according to a letter from an industry association seen by Reuters.

The world's second-biggest crude steel producer became a net importer of the alloy in the fiscal year through March 2024 and the trend has continued in the current year.

Finished steel imports from China hit a seven-year high over April-August while overall finished steel



imports hit a six-year high of 3.7 million metric tons.

In a letter dated Sept. 2, the Indian Steel Association (ISA) called on Minister of Finance Nirmala Sitharaman to double the customs duty on steel imports to 15%.

Global steel output down 6.5% in Aug

Achuth Vinay
Chennai

Global crude steel output decreased by 6.5 per cent in August 2024 to 144.8 million tonnes (mt) compared with 154.9 mt in the corresponding period a year ago.

According to the World Steel Association (world-steel), the output in China, the top producer, fell to 77.9 mt in August — a decrease of 10.4 per cent from the year-ago period. India reported a 2.6 per cent rise in production at 12.3 mt.

BIG DROP IN RUSSIA

Russia's production nosedived by 11.5 per cent at 5.8 mt. South Korea's production dipped by 2.2 per cent to 5.5 mt. Turkiye's production soared by 13.8 per cent at 3.1 mt.

While Japan's output dropped by 3.9 per cent to



**Top producer
China's output
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6.9 mt, the United States' production went up by a meagre 0.7 per cent to 7 mt.

Germany and Brazil saw their output go north by 0.5 per cent and 7.3 per cent respectively, at 2.9 mt and 3 mt. Production in Iran

dipped 9.9 per cent at 1.4 mt.

Region-wise, Africa saw its output go down by 7.2 per cent. While EU saw its numbers go up by 2.2 per cent, Europe (Others)'s output soared by 8.4 per cent. Asia and Oceania's steel production decreased by 8 per cent. The West Asia region's production dropped by 3.2 per cent, while North America's output slipped by 3.8 per cent.

South America's steel production dipped 0.8 per cent compared with the August 2023 figures. Russia and other CIS nations saw their figures go down by 8.7 per cent.

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

Steel demand is forecast to grow by 1.2 per cent in 2025 to reach 1,815 mt.

NMDC eyes lithium block acquisition in Australia, Africa

Abhishek Law
New Delhi

NMDC is eyeing "strategic acquisition" of lithium blocks in Australia and Africa and is carrying out "due diligence" of potential assets in these countries, the company's Chairman-cum-Managing Director (Additional Charge) and Director of Finance Amitava Mukherjee told *businessline*.

"Our lithium quest has gained significant momentum. We're conducting thorough reviews and due diligence on potential assets in Australia and Africa, positioning ourselves for strategic acquisitions," he said.

Called 'white gold', lithium - an alkaline metal - is key to India's switch to clean energy. The mineral finds extensive usage in energy storage solutions, apart from batteries for mobile phones and EVs. India is predominantly dependent on lithium imports, a majority of which are met by China. Import bills have logged nearly ₹30,000 crore annually.



Amitava Mukherjee,
Chairman-cum-MD of NMDC

Mukherjee said NMDC is engaged in "advanced discussions with many companies" in Australia and Africa. India's KABIL, a State-owned PSU, has been successful in securing lithium reserves overseas.

OTHER MINERALS

NMDC is diversifying its global footprint by exploring strategic minerals, including iron ore, bauxite, manganese, diamonds and gold. Portfolio expansion will entail "acquiring new areas".

"(We) anticipate these new operations to be ready

after FY30," he said.

In India, the company has restarted diamond mining at Panna in Madhya Pradesh, the country's only mechanised diamond mine.

NMDC's Tokisud North and Rohne coal blocks in Jharkhand are expected to begin production soon.

"We are actively exploring opportunities in Africa, Australia, South-East Asia, and South America to mine (other) minerals like iron ore, coking coal and battery minerals," Mukherjee said.

GOLD MINING

In Australia, the merchant miner has forayed into gold mining on Mount Celia (Western Australia). The company had previously said that in Australia, there is a "lot of requirement for accelerated exploration" and a need to invest further.

The company, in its FY24 report, said Legacy Iron Ore Ltd ASX, its Australian subsidiary, is exploring its 21 tenements in the Western Australian region for iron-ore, gold, tungsten and base metals.

रेलवे परिसर में अवैध उत्खनन, नोटिस जारी

■ चरोरा (सं). डोंगरगांव रेलवे क्षेत्र में अवैध खनन के खिलाफ 5 सितंबर को चरोरा उपविभागीय कार्यालय में शेख जैरुद्दीन उर्फ छोट भाई शेख के नेतृत्व में एक मोर्चा का आयोजन किया गया था. इस मोर्चा के दौरान रेलवे के जरिए हो रहे अवैध खनन की जानकारी दी गई. संबंधितों के खिलाफ तत्काल कार्रवाई की मांग की गई. इसके मुताबिक तहसीलदार कार्यालय की ओर से रेलवे अधिकारियों को 1.51 करोड़ रुपये का जुर्माना नोटिस जारी कर पूछा गया है कि क्यों ने अवैध खनन के खिलाफ कार्रवाई की जाए. इस संदर्भ में तहसीलदार के समक्ष 27 सितम्बर को पेशी रखी गई लेकिन रेलवे अधिकारी एवं ठेकेदार स्वामित्व का ठोस सबूत जुटाने में असफल रहने पर तहसीलदार ने भूमि सर्वेक्षण अधिकारी समक्ष पत्र भेजकर दस्तावेज मांगे हैं.

पटवारी ने अधूरी रिपोर्ट सौंपी : मौजा गौल और तहसील के विभिन्न स्थानों पर लगभग 20 एकड़ भूमि में अवैध खनन करने वाली कंपनियों के खिलाफ तुरंत सख्त कार्रवाई की जानी चाहिए. इस



तहसीलदार ने मांगे दस्तावेज

रेलवे अधिकारी एवं ठेकेदार पेशी के दिन अर्थात 27 सितम्बर को स्वामित्व का ठोस सबूत जुटाने में असफल रहे. इसलिए तहसीलदार ने शुक्रवार को भूमि सर्वेक्षण अधिकारी को पत्र भेजकर दस्तावेज मांगे. जुर्माने से बचने के लिए रेलवे अधिकारी एवं ठेकेदार फर्जी तरीके अपना रहे हैं.

मांग का ज्ञापन 6 महीने पहले दिया गया था. इस पर 30 अगस्त को पटवारी ने तहसीलदार को अधूरी रिपोर्ट सौंपी थी. हालांकि अभी तक कोई कार्रवाई नहीं की गई है.

Gold to stretch rally

BULLION CUES. Silver likely to advance as well

Akhil Nallamuthu
bl, research bureau

Precious metals continued their upward march last week as well. In terms of dollars, gold and silver appreciated 1.4 per cent and 1.6 per cent last week and closed at \$2,658 per ounce and \$31.6 an ounce respectively. Similarly, in the domestic market, gold futures (₹75,718 per 10 gm) was up 1.2 per cent and silver futures (₹91,398 per kg) rallied 1.4 per cent.

MCX-GOLD (₹75,718)

Gold futures (December) surpassed ₹75,000-mark last week and marked a high of ₹76,527 before moderating to the current level of ₹75,718.

The contract continues to exhibit strength and the probability of it touching ₹78,000 is high. A breakout of ₹78,000 can lift it to ₹80,000 quickly. But if gold futures fall from here, it can find support at ₹75,000. Below this, there is a trendline support at ₹74,400. As long as this holds, the bias will be bullish.

Trade strategy: Retain the longs that we recommended at ₹74,820 last week. Revise the stop-loss to ₹74,800. When the



contract rises to ₹77,000, revise the stop-loss to ₹75,800. Exit at ₹78,000.

MCX-SILVER (₹91,398)

Silver futures (December), after beginning the week on a muted note, broke out of the resistance at ₹90,800 on Tuesday.

Although it has largely been in a sideways trend in the past few sessions, the trend is bullish. We expect silver futures to touch ₹96,500 or even ₹100,000 soon.

But if the contract drops from the current level, the nearest support it can find is at ₹90,800. Subsequent support is at ₹88,000.

Trade strategy: Last week, we suggested buying silver futures with a stop-loss at ₹88,000 if it surpasses ₹90,800. Hold this trade. When the contract rises to ₹94,000, modify the stop-loss to ₹91,000. Book profits at ₹96,200.

