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BRAJ BINANI GROUP

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Tuesday, 04 February, 2020

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London Metal Exchange :Monday 03, February 2020

	Pr. Sell (1)	Morning Session Buy	Morning Session Sell * (2)	Afternoon Session Buy	Afternoon Session Sell	Kerb	Change (2) - (1)	Stk(tns) change	MMR Landed Prices	Value Rs/ton
	$/ton									
Copper Grade A										
Spot	5570.00	5593.00	**5595.00**	5564.00	5565.00	5503.50	**25.0**	179,800	MMR LP	428,006
3-mth	5588.00	5600.00	**5602.00**	5577.00	5578.00	5525.00	**14.0**	-925	14-D MA	452,938
Average	10-days - 5825.80		20-days - 6016.88		30-days - 6062.73				PP (HCL)	460,192
Tin High Grade										
Spot	16275.00	16325.00	**16350.00**	16290.00	16295.00	16216.00	**75.0**	6,650	--	--
3-mth	16175.00	16200.00	**16225.00**	12645.00	16250.00	16205.00	**50.0**	-110	--	--
Average	10-days - 16742.00		20-days - 17057.00		30-days - 17067.50				--	--
Lead										
Spot	1874.50	1878.00	**1879.00**	1864.00	1865.00	1837.00	**4.5**	66,800	MMR LP	150,884
3-mth	1852.00	1858.00	**1860.00**	1844.00	1845.00	1825.00	**8.0**	0	14-D MA	154,612
Average	10-days - 1916.65		20-days - 1926.95		30-days - 1920.43				PP (HZL)	167,300
Zinc Special High Grade										
Spot	2219.00	2198.00	**2200.00**	2177.00	2178.50	2155.00	**-19.0**	49,775	MMR LP	180,280
3-mth	2200.00	2187.00	**2187.50**	2165.00	2166.00	2146.00	**-12.5**	0	14-D MA	190,581
Average	10-days - 2313.55		20-days - 2357.10		30-days - 2340.47				PP (HZL)	203,800
Aluminium										
Spot	1709.50	1693.50	**1694.50**	1686.00	1687.00	1660.50	**-15.0**	1,272,525	MMR LP	142,224
3-mth	1724.50	1718.00	**1719.00**	1711.00	1712.00	1686.50	**-5.5**	-15825	14-D MA	147,078
Average	10-days - 1753.40		20-days - 1767.58		30-days - 1771.68				PP (Nalco)	153,950
Aluminium Alloy										
Spot	1370.00	1370.00	**1380.00**	NA	NA	NA	**10.0**	8,020		
3-mth	1385.00	1380.00	**1390.00**	NA	NA	NA	**5.0**	260		
Average	10-days - 1403.20		20-days - 1392.88		30-days - 1373.58					
Nickel									Copper	1-Jan
Spot	12675.00	12745.00	**12750.00**	12740.00	12745.00	12640.00	**75.0**	196,854	Aluminium	21-Jan
3-mth	12760.00	12835.00	**12850.00**	12820.00	12825.00	12725.00	**90.0**	912	Zinc	23-Jan
Average	10-days - 12966.50		20-days - 13465.25		30-days - 13669.33				Lead	23-Jan

Note: 1. MMR LP = MMR Landed Prices, excluding excise duty. 2. PP = Producer Prices ex-smelter, excl. excise

Minor Metals ($/LB)

	Antimony	Cadmium	Cobalt HG	Moly.oxide	Selenium	Silicon	Tungsten	Fe Si Mangnesium
	99.65%	99.95%	99.80%					
	6,100	123.00	16.55	9.50	7.00	1840.00	245.00	150

Week ended Avg of Steel Prices : 31/01/2020 (Excl. GST)

Mandi Gobindgarh - Punjab					Mumbai	Kolkata	Delhi	Chennai		Mumbai	Bhiwadi	Kanpur
Sponge Iron	24,200	**HMS OLD**	24,200	**HMS**	28,800	26,700	26,800	23,500	**MS Ingots**	36,000	35,050	33,150
Pig Iron	32,000	**HMS Fresh**	27,300	**CRP(LSLP)**	29,500	-	-					

Alum. Alloy : Basic prices excl. CST/VAT		ADC 12		AlSi 9 Cu3		LM6	
	Mumbai Mkt rates in kgs : **31/12/2019**		117		119.5		143.5
	Ex. Delhi Mkt rates in kgs : **31/12/2019**		114		-		-

Indicative Domestic Market Rates (Rs./kg)

	Mumbai 03-Feb	Mumbai Prev	Delhi 03-Feb	Delhi Prev	Chennai 03-Feb	Chennai Prev
Virgin Metals					-	-
Copper Pat			**391.0**	391.0	-	-
Copper W/Bar	**470.0**	470.0	-	-	-	-
Alum Ingot	**144.0**	144.0	**142.0**	142.0	**138.0**	138.0
Zinc Slab	**180.0**	181.0	**223.0**	223.0	-	-
Lead Ingot	**152.0**	154.0	**143.0**	143.0	-	-
Tin Slab	**1,235.0**	1,225.0	**1,265.0**	1,270.0	-	-
Nickel (4x4)	**970.0**	960.0	**1,105.0**	1,110.0	-	-
Scrap					-	-
Copper Heavy	**415.0**	415.0	--	--	-	-
Copper Uten.	**390.0**	391.0	--	--	-	-
Copper Mixed	--	--	**371.0**	371.0	-	-
Brass Utensil	**307.0**	305.0	--	--	-	-
Brass Huny	**290.0**	290.0	**295.0**	295.0	-	-
Brass Sheet	**325.0**	325.0	-	-	-	-
Alum Utensil	**106.0**	106.0	**113.0**	113.0	-	-

Comex Copper (cents/lb) / Comex Al (cents/lb)

	Copper Rate	Copper Change	Al Rate	Al Change
FEB'20	**251.30**	-0.7	-	-
MAR'20	**250.70**	-1.0	-	-
APR'20	**251.05**	-0.9	-	-

Precious Metals : Indicative Rates

Metal	Market	Unit	03-Feb	Prev
Gold Std	Mumbai	Rs/10g	**40,817**	40,628
Silver	Mumbai	Rs/kg	**46,240**	46,395
Gold	London	$/tr.oz.	**1,574.75**	1,584.20
Silver	London	$/tr.oz.	**17.77**	17.88
Gold	Comex	$/tr.oz.	**1,577.20**	1,582.90
Silver	Comex	$/tr.oz.	**17.64**	17.97

Forex: February,03, 2020 (Rs/Unit Currency)

	USD	GBP		YEN
Buy	71.50	93.41		0.6560
Sell	71.40	93.30	---	0.6550
	EURO	**SGD**	**AUD**	**SFR**
Buy	78.83	52.70	48.42	73.78
Sell	78.74	52.62	48.38	73.65

Customs Notified Rates : January 03rd 2020 [Rs.(Imp/Exp)]: US$ 72.15/70.45;Pound Sterling 95.85/92.55;Euro 81.50/78.45

U.S. stocks rebounded Monday, shaking off concerns about the coronavirus that caused a sharp selloff last week.

The Dow Jones Industrial Average rose 245 points, or 0.9%, in late-morning trading. The S&P 500 gained 0.9%, while the Nasdaq Composite climbed 1.4%.

With the bounce, the S&P 500 is back in positive territory for the year. A big drop on Friday the worst day for the broad-based index since August wiped out its year-to-date gains in 2019.

Oil prices meanwhile fell on worries that the outbreak will reduce Chinese energy consumption.

Futures on Brent crude, the global oil benchmark, tumbled 3.4%, now down more than 20% from their recent peak in September. U.S. crude futures fell 2.3%.

Saudi Arabia is pushing for significant oil-production cuts in a bid to prop up prices, according to OPEC officials. Representatives of the Organization of the Petroleum Exporting Countries and its allies are set to meet Tuesday and Wednesday to discuss next steps.

Investors may have seen Friday's stock selloff as a buying opportunity, said Michael Mullaney, director of global markets research at Boston Partners. He noted that with past outbreaks, such as severe acute respiratory syndrome, or SARS, stocks have tended to sell off initially, only to bounce back once the rate of new infections slows.

"Once you see a slowdown in the uptick of new cases, historically the market has generally done quite well after that," Mr. Mullaney said.

Chinese authorities have quarantined millions of people to contain the virus, which has infected more than 17,000 people and has been linked to more than 360 deaths. Major global airlines have suspended flights to mainland China.

Chinese markets tumbled sharply Monday, the first day of trading following the extended Lunar New Year break. The Shanghai Composite Index closed 7.7% lower in its steepest drop since August 2015, with many stocks dropping by the maximum 10% that is allowed. But the move had been largely expected because Chinese markets closed just as the outbreak was beginning to draw widespread attention.

Investors were also closely watching Monday's presidential caucuses in Iowa for insights into whether a candidate who supports a bigger role for government may beat out rival Democratic contenders. The state is expected to play a key role in winnowing down the field of Democratic candidates as the party chooses who will take

6 mth LIBOR	Major Currencies	Today's Crosses	Spot v/s INR	Cash v/s INR	Forward Rates v/s INR (Export/ Import) February	March	April	July	October	January
1.75	USD / INR		**71.22/ 23**	71.20/ 22	71.37/ 40	71.60/ 63	71.91/ 94	72.65/ 68	73.40/ 43	74.20/ 23
-	*ATM Options (put/call)*	-	-	-	*0.38/0.39*	*0.59/0.60*	*0.75/0.76*	*1.11/1.12*	*1.38/1.42*	*1.62/1.68*
0.15	EUR / USD	**1.1057**	**78.76/ 77**	78.74/ 76	79.03/ 06	79.43/ 47	79.92/ 96	81.18/ 21	82.44/ 47	83.76/ 79
0.01	USD / JPY(100)	**108.70**	**65.52/ 53**	65.50/ 52	65.74/ 76	66.06/ 09	66.46/ 49	67.46/ 49	68.48/ 51	69.54/ 58
0.82	GBP / USD	**1.2999**	**92.58/ 60**	92.55/ 59	92.83/ 87	93.21/ 25	93.69/ 73	94.88/ 91	96.08/ 11	97.35/ 37
-0.64	USD / CHF	**0.9668**	**73.66/ 67**	73.65/ 66	73.94/ 97	74.34/ 36	74.80/ 81	76.05/ 07	77.30/ 31	78.59/ 60
3.06	AUD / USD	**0.6718**	**47.85/ 86**	47.84/ 85	47.97/ 98	48.15/ 17	48.39/ 40	48.98/ 99	49.57/ 58	50.19/ 20

Source : Mecklai Financial

on President Trump in November.

"Markets have previously reacted quite strongly when left-wing populist Democratic candidates have performed well," said Oliver Jones, market economist at Capital Economics.

Many investors are also betting the volatility that has rattled U.S. markets over the past two weeks is here to stay, with the election season ramping up and the coronavirus outbreak continuing to curtail business operations and trade.

Tesla shared jumped 12% after analysts at Argus Research and ARK Invest raised their price targets for the electric-car maker.

Gilead Sciences climbed 4.2%. The drugmaker on Friday said it had provided doses of an experimental antiviral drug to doctors for the emergency treatment of a small number of patients infected by the coronavirus.

In the U.K., the British pound fell 1.5% against the U.S. dollar. The move reflected concerns about fresh trade talks between the European Union and the U.K., said Jordan Rochester, a foreign-exchange strategist at Nomura Holdings.

The U.K. formally exited the EU Friday and entered into a transition period. Both sides fired opening salvos on Monday as they begin the complex negotiations that will determine the terms of their future relationship.

"We expect a tough talk in the opening rounds of the Brexit talks," Mr. Rochester said. "Today, the EU and the U.K. are setting out their stalls."

Among European equities, Ingenico Group climbed 16% in Paris after its board agreed to a cash-and-stock merger with payment-services giant Worldline in a transaction that will give Ingenico shareholders 35% of the combined business. Worldline ticked up 0.4%.

Currency Market

The dollar held firm on Tuesday after a key U.S.manufacturing survey showed a surprise recovery, while concerns about a widening coronavirus outbreak in China kept the yuan and the Australian dollar subdued.

The dollar index rose 0.44% on Monday, the biggest gain so far this year, and last stood at 97.802.

It was boosted by a report from the Institute for Supply Management (ISM) reported that U.S. factory activity unexpectedly rebounded in January after contracting for five straight months amid a surge in new orders.

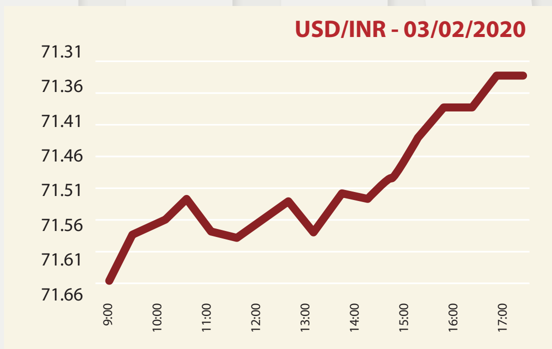
Against the yen, the dollar traded at 108.62 yen, after a gain of 0.3% on Monday, the biggest gain in a downtrend that started in mid-January.

The euro stood at $1.1062, having slipped 0.3% on Monday.

In Asia, coronavirus remained in focus as the number of cases and deaths showed little sign of slowdown.

"The question is how long it will take to contain the epidemic.

While some people are selling risk assets,



USD/INR Overnight VAR		0.3434
Data releases today	**Forecast**	**Previous**
USD Factory Orders m/m	0.7%	-0.7%
EUR PPI m/m	0.1%	0.2%

Source : Mecklai Financial

there are also lots of people who are looking for a chance for bargain-hunting," said Ayako Sera, market economist at Sumitomo Mitsui Trust Bank.

"If we start to see a decline in the number of new cases, then we could see an end. But at the moment, it is hard to say when that will happen."

The offshore yuan traded at 7.0127 yuan per dollar, holding slightly above its one-month low of 7.0230 per dollar hit in European trade on Monday.

The Australian dollar fetched $0.6690, within sight of its 10 1/2-year low of $0.6670 touched last October, ahead of an interest rate decision by the Reserve Bank of Australia (RBA) due later in the day.

Although most investors expect the RBA to keep rates on hold at this month's meeting, a cut has not been completely ruled out, with markets pricing in a 100% chance of such a move by May.

Elsewhere, sterling fetched $1.2999, having lost 1.54% on Monday on renewed worries about Britain's relations with the European Union.

Prime Minister Boris Johnson set out tough terms for Brexit talks with the European Union, rekindling fears Britain would reach the end of an 11-month transition period without agreeing a trade deal.

Traders are also casting an eye on the U.S. state of Iowa, where Democrats are kicking off a process to choose a challenger to President Donald Trump.

Market players say a victory by a progressive candidate such Senator Bernie Sanders and Elizabeth Warren could hurt shares and lift safe-haven currencies as some of their policies are thought to be not in best interests of Wall Street

Precious Metals

Gold prices slipped slightly on Monday after China pumped cash into its economy, but the metal continues to flirt with multi-year highs.

While stocks, oil, some base metals and other risk assets sold off sharply last week in response to demand fears arising from the rapid spread of the coronavirus, safe-haven gold gained just over 1% from Monday through to Friday. Gold has risen 4% so far this year already and hit its highest level since April 2013 early last month, as investors fled risk assets following a spike in tensions between the U.S. and Iran. It neared that level again on Sunday night, hitting $1,598.5 per troy ounce (/oz).Gold's value typically moves inversely to the dollar as the precious metal is internationally priced in the U.S. currency.With stock markets in the U.S. and Europe looking for a tentative rebound following last week's coronavirus-driven sell-off, and a strengthening dollar, spot gold was trading 0.82% lower at around $1,576.8/oz ounce on Monday."Despite this, the correction so far is moderate and prices are still above the first support level of $1,570, ready for another rebound at the very first correction of stock markets," Carlo Alberto De Casa, chief analyst at ActivTrades, commented in a note Monday."Technically, the first resistance level is now placed at $1,585 a return above this level could open the door for a rally above $1,600."

The coronavirus outbreak has triggered further risk sell-offs, but is not alone in providing a lift to the gold price, according to BullionRock

Market Highlights - Gold (% change) *as on Feb 03, 2020*

Gold	Unit	Last	Prev. day	WoW	MoM	YoY
Gold (Spot)	$/oz	1576.1	-0.87	-0.35	1.59	20.66
Gold (Spot-Mumbai)	Rs/10 gms	40645.0	-0.01	1.49	5.16	22.42
Comex	$/oz	1484.4	-6.22	-5.86	-4.18	13.36
MCX Gold	Rs/10 gms	40661.0	-0.83	0.19	1.37	22.01

Source: Angel Broking

Managing Director Robin Newbould."In 2019, pre-virus, gold gained circa 20% thanks to low global economic forecasts, low-to-negative interest rates, expectations of a weaker U.S. dollar, trade wars and possible real wars. All pretty miserable stuff, now we think about it, but no barrier to generating positive, non-correlated returns that hold their own when compared to other assets,""Little wonder then that central banks purchased a record $15.7bn of gold in the first six months of last year."While mainland China accounts for more than 28% of the world's physical gold jewelery, bar and coin demand, J.P. Morgan analysts highlighted that gold prices have been supported by the demand for safety and falling U.S. Treasury yields, with the market pricing in a higher probability of a June rate cut from the U.S. Federal Reserve.In a note published Monday, the bank's Global Commodities Research team also pointed out that unlike during the U.S.-Iran dispute, gold prices have actually lagged Treasury yields on this occasion. The gold price rose by only $17/oz last week following a 13.5 basis point fall in U.S. 10-year real yields, which should ordinarily have translated to around a $43/oz increase based on historical patterns."First, from a valuation perspective, gold never really gave back the >$130/oz premium to yields it initially built up in early January so a bit of underperformance now seems like payback that is working to normalize its valuation (premium is now down to about $94/oz from $130/oz a week prior)".

A second reason for the underperformance, the Wall Street bank hypothesized, is physical demand concerns arising from the virus."Given this, it seems fair to us that prices could also be discounting a sizable first-quarter hit to retail sales in Asia, a region that accounts for more than 60% of global gold jewelry and bar and coin demand if India is included," Kaneva explained."Hence, even as ounces have still flown steadily into global ETFs (up ~700 thousand ounces last week) concerns about underly

Base Metals

Shanghai copper prices plunged to a three-year low on Monday as Chinese markets reopened, giving investors the first opportunity since Jan. 23 to react to a coronavirus outbreak that threatens to hit the economy of the world's biggest metals consumer.Other Shanghai-traded industrial metals also tumbled, following big price falls on the LME) that took place while Chinese markets were closed.China's equity markets, oil, iron ore and soft commodities contracts and the yuan also dived despite the central bank's biggest cash injection into the financial system since 2004 and moves by regulators to curb selling.Benchmark LME copper, however, was up 0.5% at $5,594 a tonne at 1120 GMT closing the gap between prices on the two exchanges, known as the arb."If the LME price hadn't risen modestly, even with the ShFE price being down it would have still allowed the arb to be open"..By Sunday, 361 people had died in China from coronavirus, compared with 17 on Jan. 23. At least another 171 cases have been reported in more than two dozen other countries and regions. Several Chinese cities remain in virtual lockdown with travel severely restricted.

Data released on Monday showed China's factory activity expanded at its slowest pace in five months in January, while industrial firms posted their first annual decline in profits in four years in 2019.Looking to head off market panic, China's central bank injected 1.2 trillion yuan of liquidity into the markets via reverse repo operations on Monday.It also unexpectedly cut the interest rate on those short-term funding facilities by 10 basis points. An adviser to the central bank said the chance of a benchmark lending rate cut on Feb. 20 had significantly increased.

Chinese regulators also asked investment managers to curb short-selling, sources told Reuters.The ShFE exchange has suspended night-time trading until further notice

Energy Market

Oil prices continued their downward slide on Monday, with Brent crude falling 4.19% by 4:20pm EDT, hitting lows not seen in 13 months as oil demand falters as the death toll for the coronavirus exceeds that of the SARS outbreak in 2002/2003.Brent crude was trading at $54.26 per barrelthe last time oil was that low was during the last week of 2018. WTI is now officially in a bear market, shedding 20% of its price in January.China has reported 361 deaths from the virus so far this compares to 349 deaths from SARS. The number of confirmed coronavirus cases in China has reached 17,205 this is double that of SARS.And oil's price drop is not just market panicdemand is faltering, with China cutting its March orders from Saudi Arabia, and Sinopec is already cutting its refinery production this month by 600,000 bpd because it is seeing reduced demand. China's oil demand will likely fall by 20% compared to normal demand this time of year due to the stringent restrictions on travel within China, and well as to and from China. For now, Chinese refineries are continuing to store unsold fuel, but eventually this could catch up to them should storage become full.Meanwhile, experts are warning that the current coronavirus outbreak could turn into a full-blown pandemic. The."While we recognize this is an unprecedented action, we are facing an unprecedented public health threat," Dr. Nancy Messonnier, director of the National Center for Immunization and Respiratory Diseases, said on a Centers for Disease Control and Prevention conference on Friday.

Market Highlights - Crude Oil (% change) *as on Feb 03, 2020*

Crude Oil	Unit	Last	Prev. day	WoW	MoM	YoY
Brent (Spot)	$/bbl	70.8	3.54	20.39	0.81	13.67
Nymex Crude	$/bbl	50.1	-2.81	-5.70	-20.52	-7.22
ICE Brent Crude	$/bbl	54.5	-6.38	-8.21	-20.63	-13.14
MCX Crude	Rs/bbl	3626.0	-1.55	-4.15	-19.40	-6.57

Source: Angel Broking

News Report & Analysis

Ind-Ra revises outlook on steel sector to 'stable-to-negative

Ratings agency India Ratings and Research (Ind-Ra) has revised its outlook on the steel sector to 'stable-to-negative' for the remainder of the ongoing fiscal due to sluggish steel demand growth expectations. Ind-Ra has revised downwards its FY2019-20 steel demand growth expectations to around 4 per cent from the previous forecast of 7 per cent."Ind-Ra has revised its outlook on the steel sector to stable-to-negative from stable for the remainder of FY20 given sluggish steel demand growth expectations owing to mix of structural and cyclical concerns in end-user sectors, primarily auto and real estate construction. Hence, Ind-Ra has (also) revised downwards its FY20 steel demand growth expectations to around 4 per cent from the previous forecast of 7 per cent...," it said in a statement.The outlook, Ind-Ra said, also factors in increased import risks especially from Free Trade Agreement (FTA) countries such as Japan and South Korea due to adverse impact of the slowing global growth and continuing trade frictions. Furthermore, raw material availability and price risks may escalate in the fourth quarter if the uncertainty over iron ore mine auctions prolongs.Ind-Ra also expects overall steel sales volumes and margins to weaken further in the second quarter of FY20 after industry witnessed margin correction in the fourth quarter of FY19 and the first quarter of FY20.

Steel prices have been continuously softening, while raw material cost have only seen partial declines, thereby squeezing the gross spreads for steel producers, it said."However, Ind-Ra expects steel demand to recover in H2FY20, supported by pickup in government investments, fiscal stimulus measures, improvement in market sentiment and H2FY19's lower base," it said "Steel producers are likely to see moderation in cash flows from operations as strong margins moderate over FY20 from the highs of FY19. Large integrated players should continue to have adequate liquidity supported by their sound market access and high financial flexibility, despite moderating profitability pressures, ongoing challenges in market liquidity and increased risk perception among investors," it said.

Srikalahasti Pipes Q3 net doubles on higher income

Srikalahasti Pipes Ltd. formerly Lanco Industries, has reported a 117% increase in its standalone net profit for the third quarter ended December 2019 to Rs.67.66 crore on higher total income.During the period under review, the company posted a 12% increase in its revenue from operations to Rs.446.25 crore.SPL adopted a lower rate of Income Tax after evaluation and hence the charge on account of Income Tax for the quarter under review was lower.The company, on January 16, commenced the commercial operations of the first furnace of 9 MVA capacity to produce ferro silicon. The second furnace of similar capacity to produce silico manganese would be commissioned during the current quarter, said G.S. Rathi, wholetime director, SPL.He also said that the plans to put up a new mini blast furnace, additional hot stove, raw material handling system, creating the facilities for producing 1200 dia ductile iron (DI) pipes and additional infrastructure to increase the capacity of DI pipe production was proceeding as per schedule.

Iron ore mine wins, Budget 2020 positive for JSW Steel; stock gains 2.9%

JSW Steel remains in the news, now for good reasons, with the company winning two iron ore mines in Odisha.

Besides, the Street's expects that the government's continued focus on infrastructure will bode well for steel makers.

JSW Steel's stock, thus, gained 2.9 per cent on Monday after having corrected about 11 per cent since mid-January 2020. And, there could be more gains.

The company's efforts on securing basic raw materials, such as iron ore for steel-making through fresh bidding of mines in states like Odisha, are a positive, and yielding results.

JSW had secured some mines in Karnataka earlier but was only able to meet 8-10 per cent of its requirements.

In fact, a rise in iron ore prices to around $95 a tonne in January, after plunging to sub-$80 levels in November last year.

Has raised concerns about the company's profitability, given that JSW procures most of its raw material from external sources.

Thus, securing two iron ore mines is a positive and partly addresses the concerns.

Now, the Street is eagerly looking forward to the outcome of other bids that JSW has made.

Among other positives for steel companies from the Budget.

According to analysts at Emkay Global, could be monitoring of steel imports from countries with which India has free-trade agreements (FTAs).

The aim is to detect diversions, if any, from other countries, routing their exports to India through FTA countries to avoid paying import duties.

Cheap imports have been a matter of concern for most domestic steel players.

The other reason for JSW's stock price correction since mid-January is some disappointment with the Q3 results.

The company had reported a multi-quarter low profit of Rs 5,998 per tonne, down 50 per cent year-on-year and 7 per cent sequentially, because of the falling steel realisations.

While losses in foreign subsidiaries had pulled down consolidated numbers, there was a disappointment on account of the six-month delay in the 5-MT capacity expansion at Dolvi plant, which was earlier to start by FY20 end.

Because of this delay, analysts had cut their FY21 estimates, albeit slightly.

Yet, given the improving product mix, higher captive iron ore production (thereby, putting a check on costs and supporting margins over time).

Along with recently improved steel prices, analysts as those at Motilal Oswal Financial Services have maintained a positive outlook on JSW Steel.

BPSL: JSW Steel rejects ED contentions in affidavit to NCLAT Industry

JSW Steel, the preferred bidder for Bhushan Power and Steel (BPSL), in a reply affidavit to the National Company Law Appellate Tribunal (NCLAT).

Has rejected the Enforcement Directorate (ED)'s two major contentions it cannot seek immunity from attachment of BPSL assets by the enforcement agency and that JSW Steel is a related party.

It has described these two contentions as "complete misconception" and "misplaced".

The NCLAT will hear the matter on Tuesday.

JSW Steel's Rs 19,700-crore resolution plan for BPSL was approved by the National Company Law Tribunal (NCLT) on September 5, 2019.

The NCLT, while approving JSW Steel's bid, did not grant JSW Steel protection from attachment of assets on account of acts of omission or commission of the previous directors under Prevention of Money Laundering Act (PMLA).

JSW Steel had on September 13, 2019 filed an application with the NCLAT seeking protection of the insolvent firm's assets after takeover.

While the matter was still being heard by the NCLAT, the ED in October had attached BPSL's assets worth over Rs 4,000 crore in connection with a money-laundering probe against the company's former promoters.

Following this, the NCLAT issued notice to the ED.

In the meantime, through an ordinance promulgated on December 28, 2019, the government notified Section 32A in the Insolvency and Bankruptcy Code (IBC) that seeks to ring-fence assets of the corporate debtor for any offence committed prior to the commencement of the Corporate Insolvency Resolution Process.

The ED, in a reply affidavit to the NCLAT, contended that preferred bidder JSW Steel could not seek to ring-fence BPSL and its assets since Section 32A of the IBC did not apply retrospectively.

The section prohibits prosecution, in case the resolution plan results in change of the management to a person who was not a promoter or in the management or control of the corporate debtor or a related party of such a person, from the day the resolution plan is approved by the insolvency court.

"Therefore, the amendment in the form of Section 32A having come into force after the resolution plan was approved in this case, and the fact that Section 32A had not been given retrospective effect, would mean that the benefit of section 32A cannot be claimed by the successful resolution applicant in this case," the ED said.

JSW Steel, in its reply affidavit, submitted that by promulgation of the IBC Ordinance 2019, the law related to protection to the corporate debtor and the liability for offences committed prior to the commencement of the CIRP upon approval of a resolution plan, stands settled by virtue of introduction of 32A in the IBC.

"It is submitted that the condition stipulated in Section 32A (1) (a) is merely a subset of Section 29A of the IBC which sets out the circumstances in which a person would be ineligible to be a resolution applicant and submit a resolution plan," it said.

Adding that both the resolution professional (RP) and the committee of creditors (CoC) had earlier found that JSW was eligible to submit the resolution plan under Section 29A.

The ED also informed the NCLAT that during the course of investigation under the PMLA, it found that BPSL and JSW Steel were associated as shareholders holding 24.09% and 49% equity, respectively, in a joint venture, Rohne Coal Company (RCCPL), and therefore, a related party.

JSW Steel has countered that contention, saying it alone had applied for a coal block allocation. However, by a letter of intent (LoI) on April 9, 2017, the government through the Ministry of Coal proposed joint allocation of Rohne Coking Coal block among three companies that also include Jai Balaji Industries.

"At the behest of the Ministry of Coal, a JV agreement was executed on 05.03.2008. Vide the LoI, the proportionate share of coal reserve allotted to each allocattee specified thereunder, JSW Steel was entitled to 69.01% of coal reserve.

Further as per JVA, the appellant was entitled to subscribe to 69.01% of the share capital of Rohne together with its affiliate company.

While the block was under development, the Supreme Court vide its order dated 24.09.2014 cancelled the allocation, consequently.

The allocation of RCCPL was also cancelled. while the operations of RCCPL have been inactive since the cancellation of the coal block, the JV has not been dissolved as on date, on account of a pending litigation."

Stating that the matter was disclosed in the resolution plan, JSW Steel said, "It is submitted that the contention of the ED that the appellant is a related party of the corporate debtor as per Section 5(24) of the Code is based upon a complete misconception and misinterpretation of Section 32 (1) (a) and Section 5(24) of the Code."