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BRAJ BINANI GROUP

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London Metal Exchange : Monday 03, June 2019

	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	5780.50	5795.50	**5796.00**	5836.00	5837.00	5816.00	**15.5**	211,800	MMR LP	432,526
3-mth	5819.00	5819.00	**5820.00**	5860.00	5861.00	5842.00	**1.0**	-200	14-D MA	443,020
Average	10-days - 5890.85		20-days - 5988.93		30-days - 6126.70				PP (HCL)	474,799
Tin High Grade										
Spot	18860.00	18950.00	**19000.00**	19305.00	19310.00	19350.00	**140.0**	3,185	--	--
3-mth	18700.00	18725.00	**18775.00**	19145.00	19150.00	19150.00	**75.0**	45	--	--
Average	10-days - 19352.50		20-days - 19491.50		30-days - 19653.67				--	--
Lead										
Spot	1782.50	1790.50	**1791.00**	1809.00	1810.00	1809.00	**8.5**	69,400	MMR LP	140,866
3-mth	1799.50	1797.00	**1799.00**	1812.00	1813.00	1810.00	**-0.5**	-300	14-D MA	141,386
Average	10-days - 1795.50		20-day - 1810.40		30-days - 1844.92				PP (HZL)	153,400
Zinc Special High Grade										
Spot	2685.00	2614.50	**2615.50**	2602.00	2603.00	2612.00	**-69.5**	100,375	MMR LP	206,499
3-mth	2530.00	2473.00	**2478.00**	2465.00	2466.00	2468.00	**-52.0**	-425	14-D MA	213,607
Average	10-days - 2693.75		20-days - 2729		30-days - 2781.65				PP (HZL)	219,500
Aluminium										
Spot	1761.00	1763.00	**1763.50**	1754.00	1755.00	1753.00	**2.5**	1,141,100	MMR LP	144,058
3-mth	1788.50	1788.00	**1788.50**	1777.00	1778.00	1777.00	**0.0**	-13925	14-D MA	145,177
Average	10-days - 1763		20-days - 1773.48		30-days - 1791.43				PP (Nalco)	150,650
Aluminium Alloy										
Spot	1232.00	1240.00	**1241.00**	NA	NA	NA	**9.0**	6,380		
3-mth	1260.00	1220.00	**1230.00**	NA	NA	NA	**-30.0**	0		
Average	10-days - 1312.30		20-days - 1326.95		30-days - 1330.97					
Nickel									Copper	01-May
Spot	12040.00	11855.00	**11860.00**	11850.00	11855.00	11820.00	**-180.0**	158,946	Aluminium	21-May
3-mth	12070.00	11890.00	**11900.00**	11895.00	11900.00	11878.00	**-170.0**	342	Zinc	01-Jun
Average	10-days - 12009		20-days - 11947.50		30-days - 12095				Lead	01-Jun

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%					
	7,300	140.00	15.07	12.25	11.00	1920.00	282.00	153

Week ended Avg of Steel Prices : 31/05/2019 (Excl. GST)

Mandi Gobindgarh - Punjab					Mumbai	Kolkata	Delhi	Chennai		Mumbai	Bhiwadi	Kanpur
Sponge Iron	26,500	**HMS OLD**	26,000	**HMS**	26,500	29,300	29,500	23,800	**MS Ingots**	37,000	38,000	38,200
Pig Iron	35,000	**HMS Fresh**	31,100	**CRP(LSLP)**	32,200	-	-	32,800				

Alum. Alloy : Basic prices excl. CST/VAT							
Mumbai Mkt rates in kgs : **30/4/2019**	**ADC 12**	126	**AlSi 9 Cu3**	128.5	**LM6**	156
Ex. Delhi Mkt rates in kgs : **30/4/2019**		126		-		-

Indicative Domestic Market Rates (Rs./kg)

	Mumbai 03-June	Mumbai Prev	Delhi 03-June	Delhi Prev	Chennai 03-June	Chennai Prev
Virgin Metals					-	-
Copper Pat		--	**432.0**	435.0	-	-
Copper W/Bar	**459.0**	459.0	-	-	-	-
Alum Ingot	**143.0**	142.0	**142.0**	142.0	**150.0**	150.0
Zinc Slab	**208.0**	210.0	**229.0**	233.0	-	-
Lead Ingot	**150.0**	150.0	**157.0**	159.0	-	-
Tin Slab	**1,610.0**	1,617.0	**1,618.0**	1,621.0	-	-
Nickel (4x4)	**875.0**	880.0	**930.0**	935.0	-	-
Scrap					-	-
Copper Heavy	**424.0**	426.0	--	--	-	-
Copper Uten.	**400.0**	402.0	--	--	-	-
Copper Mixed	--	--	**412.0**	415.0	-	-
Brass Utensil	**320.0**	320.0	--	--	-	-
Brass Huny	**305.0**	305.0	**326.0**	326.0	-	-
Brass Sheet	**343.0**	341.0	-	-	-	-
Alum Utensil	**120.0**	120.0	**121.0**	122.0	-	-

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

	Copper Rate	Copper Change	Al Rate	Al Change
May'19	**265.55**	0.9	-	-
Jun'19	**265.00**	1.0	-	-
Jul'19	**265.10**	1.1	-	-

Precious Metals : Indicative Rates

Metal	Market	Unit	03-June	Prev
Gold Std	Mumbai	Rs/10g	**32,321**	32,013
Silver	Mumbai	Rs/kg	**36,507**	36,300
Gold	London	$/tr.oz.	**1,322.70**	1,295.55
Silver	London	$/tr.oz.	**14.70**	14.48
Gold	Comex	$/tr.oz.	**1,322.70**	1,305.80
Silver	Comex	$/tr.oz.	**14.70**	14.53

Forex: June, 03, 2019 (Rs/Unit Currency)

	USD	GBP		YEN
Buy	69.32	87.50		0.6397
Sell	69.22	87.42	---	0.6387
	EURO	**SGD**	**AUD**	**SFR**
Buy	77.55	50.60	48.25	69.46
Sell	77.46	50.52	48.20	69.36

Customs Notified Rates : May 03rd 2019 [Rs.(Imp/Exp)]: US$ 70.45/61.25;Pound Sterling 92.55/89.30;Euro 79.50/76.55

Major U.S. stock indexes ended mostly lower Monday amid signs that the Trump administration is laying the groundwork to ratchet up scrutiny on some of the market's biggest names: Apple, Facebook, Amazon and Google.

Google's parent Alphabet lost 6.1% and Facebook sank 7.5%, pulling down communications sector stocks. Technology companies also took heavy losses, with Apple shedding 1% on the day that the iPhone seller kicked off its annual software showcase. Amazon, meanwhile, fell 4.6% as it led a slide in consumer discretionary stocks.

Investors were reacting to media reports suggesting that government regulators are setting the stage for potential antitrust probes into each of the four technology giants.

The sell-off knocked the tech-heavy Nasdaq composite index into a correction, Wall Street speak for a drop of 10% or more from a peak. The Nasdaq hit its most recent all-time high early last month, before the trade dispute between the U.S. and China escalated, setting off a monthlong slide.

"We do have this trade uncertainty, and we now have some uncertainty with tech companies and government regulations," said Karyn Cavanaugh, senior markets strategist at Voya Investment Management. "These are the go-to big names, and if they're vulnerable, that just makes investors a little bit nervous."

The S&P 500 index fell 7.61 points, or 0.3%, to 2,744.45. The Dow Jones Industrial Average added 4.74 points, or less than 0.1%, to 24,819.78.

The Nasdaq composite lost 120.13 points, or 1.6%, to 7,333.02. It's now down 10.2% from its all-time high set May 3.

The Russell 2000 index of small companies rose 4.50 points, or 0.3%, to 1,469.98.

Major stock indexes in Europe closed broadly higher.

U.S. stock indexes briefly headed higher, with technology companies among the big gainers, in what appeared to be a budding rebound for the market after it closed out May with its first monthly decline this year.

Currency Market

The dollar traded little changed at 108.045 yen after brushing 107.885 overnight, its lowest since early January.

The dollar index against a basket of six major currencies was steady at 97.220 after shedding 0.6% the previous day.

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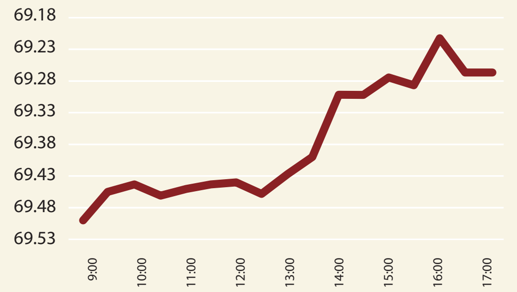
The dollar was on the defensive on Tuesday after taking a beating against peers such as the euro and yen, hurt by a sharp slide in U.S.

6 mth LIBOR	Major Currencies	Today's Crosses	Spot v/s INR	Cash v/s INR	Forward Rates v/s INR (Export/ Import) June	July	August	November	February	May
2.52	USD / INR		**69.06/ 07**	69.03/ 05	69.21/ 24	69.46/ 49	69.69/ 72	70.38/ 41	71.08/ 10	71.84/ 87
-	*ATM Options (put/call)*	-	-	-	*0.40/0.41*	*0.62/0.63*	*0.78/0.79*	*1.14/1.15*	*1.39/1.42*	*1.61/1.66*
0.15	EUR / USD	**1.1252**	**77.71/ 71**	77.68/ 69	78.04/ 07	78.51/ 54	78.96/ 99	80.29/ 31	81.62/ 65	82.98/ 00
0.00	USD / JPY(100)	**108.02**	**63.93/ 94**	63.90/ 92	64.20/ 23	64.58/ 60	64.94/ 96	65.99/ 03	67.08/ 11	68.17/ 20
0.87	GBP / USD	**1.2664**	**87.46/ 47**	87.42/ 44	87.76/ 80	88.20/ 24	88.62/ 65	89.82/ 86	91.01/ 04	92.23/ 26
-0.66	USD / CHF	**0.9931**	**69.53/ 54**	69.51/ 52	69.86/ 88	70.30/ 33	70.72/ 73	71.99/ 01	73.26/ 27	74.54/ 55
3.06	AUD / USD	**0.6975**	**48.16/ 17**	48.14/ 16	48.31/ 32	48.53/ 54	48.73/ 74	49.32/ 33	49.88/ 89	50.48/ 49

Source : Mecklai Financial

USD/INR - 03/06/19



USD/INR Overnight VAR		0.5426
Data releases today	**Forecast**	**Previous**
USD Factory Orders m/m	-1%	1.9%
EUR CPI Flash Estimate y/y	1.4%	1.7%

Source : Mecklai Financial

Treasury yields as traders raised their bets for a near-term rate cut by the Federal Reserve.

The benchmark 10-year Treasury yield fell to its lowest level since September 2017 overnight, coming within reach of the 2% threshold after St. Louis Federal Reserve President James Bullard said a rate cut "may be warranted soon" given the rising risk to economic growth posed by global trade tensions as well as weak US inflation.

Treasury yields had already been on a steep decline as investors have been piling into safe-haven government bonds in the face of escalating trade tensions between Washington and its trade partners.

The dollar traded little changed at 108.045 yen after brushing 107.885 overnight, its lowest since early January.

The euro nudged up 0.1% to $1.1250 after rallying roughly 0.7% overnight to $1.1262, its highest since May 13.

"The dollar is even falling against currencies such as the euro. Participants have found an incentive to finally cover euro shorts on the sharp fall in U.S. yields," said Yukio Ishizuki, senior currency strategist at Daiwa Securities.

"The dollar has been a safe-haven during the current 'risk off' phase, but it's strength is waning as the unexpected pace of the drop in U.S. yields has become too much to ignore."

The dollar index against a basket of six major currencies was steady at 97.220 after shedding 0.6% the previous day.

The Australian dollar was a shade lower at $0.6971 after climbing to a three-week peak of $0.6983 the previous day in the wake of the broadly weaker greenback.

Immediate focus was on the Reserve Bank of Australia's (RBA) policy decision at 0430 GMT, when it is widely expected to cut its cash rate to an all-time low of 1.25%.

With a policy easing largely priced in, traders are keenly waiting on the RBA's statement for any hint of further rate cuts.

Financial markets are fully pricing in a second cut by the RBA in September and see a 50-50 chance for a third move by Christmas.

The pound was flat at $1.2665, having crawled off a five-month trough of $1.2560 set on Friday thanks to the dollar's underperformance.

Sterling had sunk to the five-month low, weighed by the prospect of Britain choosing a eurosceptic prime minister who could take a hard line on Brexit.

Precious Metals

Gold climbed more than 1.5% on Monday to its highest level in more than three months on concerns that U.S.-Chinese trade tensions and Washington's threat of tariffs on Mexico would hurt the global economy.

Spot gold climbed 1.4% to $1,323.62 per ounce, after rising as much as 1.6% to its highest price since Feb. 28 at $1,325.72.

U.S. gold futures settled up 1.28% at $1,327.90 an ounce.

"There are concerns still surrounding the trade wars, whether it be surrounding the tariffs with Mexico or the tariffs with China. There is a 'flight to safety' buying going into metals," said Bob Haberkorn, senior market strategist at RJO Futures.

Relations between the United States and China got another jolt when the two nations clashed again at the Shangri-La Dialogue in Singapore on Sunday.

Mexican Foreign Minister Marcelo Ebrard said U.S. President Donald Trump's threat of punitive tariffs on Mexico would be devastating and would not stop waves of Central American migrants from crossing the southern U.S. border.

Equity markets bore the brunt of the two-pronged tariff threat from the United States, while safe-haven assets such as the Swiss franc and gold have been hefty beneficiaries.

Adding to woes, factory activity contracted across Asia and Europe last month on fears of a global economic downturn.

Furthermore, U.S. manufacturing growth slowed further in May to its weakest pace in more than two-and-a-half years, a national purchasing managers' survey showed on Monday.

Expectations of potentially lower interest rates in the United States, a relatively lower dollar and the volatility in equity markets are moving capital into gold and other precious metals broadly, said Bart Melek, head of commodity strategies at TD Securities in Toronto.

Signifying an uptick in investor sentiment toward bullion, speculators increased their net long positions in COMEX gold in the week to May 28, data showed.

Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, rose 0.3% to 743.21 tonnes on Friday.

Silver rose 1.5% to $14.79 per ounce. The metal touched a more than two-week high of $14.80 earlier in the session.

Palladium fell 0.3% to $1,321.51 per ounce, while platinum jumped over 4 percent to $824.75 per ounce, a two-week high. The metal was on track for its best daily gain since early January 2017.

"On the one hand we have fears that the U.S.-China trade dispute will continue to follow not a friendly trajectory and potentially we could see slower growth which could mean less industrial demand," Melek added.

"So palladium has been trading lower while platinum has been trading higher along with gold. Gold, platinum and silver tend to be much more of a safe haven than palladium, traditionally."

Market Highlights - Gold (% change) *as on June 03, 2019*

Gold	Unit	Last	Prev. day	WoW	MoM	YoY
Gold (Spot)	$/oz	1324.8	1.50	3.1	3.6	2.1
Gold (Spot-Mumbai)	Rs/10 gms	32200.0	0.63	1.7	2.9	3.9
Comex (May'19)	$/oz	1324.8	0.16	3.8	3.2	2.3
MCX Gold (Jun'19)	Rs/10 gms	32404.0	0.95	2.5	3.0	5.1

Source: Angel Broking

Base Metals

Industrial metals on Tuesday traded in tight range amid a lack of progress in the prolonged U.S.-China trade war and weak manufacturing data that sparked concerns of slowing global growth and demand for metals.

Growth in U.S. manufacturing activity slowed in May to its weakest pace in over two years as factory managers raised concerns about a trade war between the United States and China, a national survey showed on Monday.

Manufacturing activity in the euro zone contracted for a fourth month in May and at a faster pace, as the U.S.-China trade war, slumping automotive demand, Brexit and wider geopolitical uncertainty took their toll, a survey showed.

Three-month copper on the London Metal Exchange edged up 0.1% to $5,846 a tonne by 0200 GMT, while the most-traded copper contract on the Shanghai Futures Exchange also rose 0.1% to 46,220 yuan ($6,692.73) a tonne.

London aluminium eased 0.2%, nickel edged down 0.1%, zinc decreased 0.3%, lead fell 0.3% and tin was 0.4% lower. Shanghai nickel fell 1.4% and zinc slipped 2.2%.

Australian mine developer Clean Teq said it has started looking for partners for its nickel, cobalt and scandium project in central New South Wales, amid a boom in demand for battery metals.

Top aluminium producers have offered Japanese buyers premiums of $115-$120 a tonne for July-September primary metal shipments, up 10%-14% from the current quarter, amid tighter supply, sources told Reuters on Monday.

Energy Market

Oil prices rebounded from last week's heavy losses on June 3 after reassurances over production from top oil exporter Saudi Arabia, the de-facto leader of the Organization of the Petroleum Exporting Countries (OPEC).

Saudi Arabia indicated that the group of oil producers, together with Russia, would continue managing global crude supplies to avoid a surplus.

"We will do what is needed to sustain market stability beyond June. To me, that means drawing down inventories from their currently elevated levels," Energy Minister Khalid al-Falih was quoted as saying by the Saudi-owned Arab News newspaper.

Front-month Brent crude futures were at $62.40 at 1150 GMT, up 41 cents, or 0.66%, above Friday's close. Prices dropped by more than 3% on Friday, with May recording the biggest monthly loss in six months.

U.S. West Texas Intermediate (WTI) crude futures were at $54.17 per barrel, up 67 cents, or 1.25%.

"Saudi Arabia's preference for continuing with, or even deepening, the OPEC+ output cut

Market Highlights - Crude Oil (% change) *as on June 03, 2019*

Crude Oil	Unit	Last	Prev. day	WoW	MoM	YoY
Brent (Spot)	$/bbl	64.5	-5.2	#N/A	-10.6	-16.0
Nymex Crude	$/bbl	53.3	-0.5	#N/A	-14.0	-19.1
ICE Brent Crude	$/bbl	61.3	-5.0	-12.6	-13.5	-21.0
MCX Crude	Rs/bbl	3715.0	-1.6	-10.1	-13.7	-17.8

Source: Angel Broking

commitment has also provided a lift to prices," said Abhishek Kumar, head of analytics at Interfax Energy in London.

"Nevertheless, the escalating trade war of the United States with China, the European Union and Mexico will cap price gains in the run-up to the OPEC+ meeting."

The group's next meeting is scheduled for late June.

Brent crude prices have dropped almost 20% from their 2018 peak as global supplies tighten following output curbs by OPEC and Russia, as well as a drop in Iranian exports, due to U.S. sanctions, and Venezuelan production.

Saudi Arabia pumped 9.65 million barrels of oil per day (bpd) in May, a deeper cut than its production target under the global pact to reduce oil supply, a Saudi oil industry source said on Monday.

The Saudi output target under the OPEC-led pact is 10.3 million bpd.

A planned June 4 strike by Norwegian workers could also lead to tighter global supply and buttress prices, potentially cutting Norway's oil and gas output by about 440,000 barrels of oil equivalents per day if mediation efforts fail.

Global markets have skidded in recent weeks on concerns the economy could stall amid rising trade tensions between the United States and China, the world's two largest economies and biggest energy consumers.

"Traders are increasingly pricing in a

prolonged trade war hitting the global economy," said Jasper Lawler, head of research at futures brokerage London Capital Group

News Report & Analysis

Pradhan talks strategy, road map to rev up steel industry

Dharmendra Pradhan, who took over the charge of the steel ministry on Friday, held a review meeting with senior officials and discussed key challenges being faced by the steel sector.

"Met with the officials of @SteelMinIndia (Ministry of Steel) and discussed strategic roadmap and key initiatives in the sector. Steel has been a major contributor in India's economy, we shall work to further strengthen Steel industry in India," Pradhan said in a tweet.

Several key points regarding the working of the ministry and various sectoral functions were discussed at length by the both Union Steel Minister Dharmendra Pradhan and Minister of State for State Faggansingh Kulaste, Ministry of Steel said in a separate tweet.

Steel Secretary Binoy Kumar along with other senior officials were present in the meeting.

Besides Steel Minister, Pradhan, 50, is also the Minister of Petroleum and Natural Gas in the NDA-II government.

The Indian steel industry is claiming that they are facing imminent threat from increasing imports especially from Iran.

Apex industry body Indian Steel Association (ISA) has said imports are rising in India due to the ongoing tariff war between the US & China.

In trade parlance, tariff war refers to significant increase in import duties.

It said Iran is exporting steel into India in contravention of the US' sanction via UAE.

In a letter to Steel Secratary Binoy Kumar, it has said, "These imports which are coming in at a predatory prices have become a serious concern for ISA. It is alarming that the UAE is a net importing country but the exports from UAE has suddenly surged by 390 per cent in 2018-19 from 2016-17."

According to data from the steel ministry, imports of finished steel jumped 46 per cent to 0.70 million tonne in March.

Weak demand, trade war to impact Metals Cos' numbers

Latest earnings of the top metals companies show that earnings cycle for the sector has peaked out in 2019. In the March quarter, top seven metal companies reported a decline in earnings after consecutive strong seven quarters, primarily due to metal prices coming off. Going forward, earnings could come under further pressure given the weak global demand and overhang of global trade war.

Out of top eight metal companies which include JSW Steel, Jindal Steel, Hindalco, Vedanta, Hindustan Zinc, SAIL, Tata Steel (after adjusting for Bhushan Steel) and Jindal Stainless witnessed 8% to 28% earnings(EBIDTA) decline. Lower earnings and high debt of most metal companies could put these companies under severe pressure. Some of the companies including SAIL and Jindal Steel already have debt to EBIDTA of near 5 times. Considering this, any bounce back in their stock prices could be a good opportunity to exit.

The earnings of Indian metal companies are primarily linked to steel, aluminium and zinc prices. Despite the sharp bounce back from the lows of 2018, steel prices are still 15% down from the peak of previous year. Analysts expect the steel prices to remain under pressure owing to cheap imports in India after trade restrictions in the US. This is negative for Tata Steel, JSW Steel, SAIL and Jindal Steel & Power. While the recent acquisitions of Bhushan group's assets have risen the debt of Tata Steel and JSW Steel and hurt their profitability in the coming quarters besides rising leverage.

Other steel companies Jindal Steel and SAIL are already heavily leveraged. LME Aluminium prices are at two-year lows (near 30% down from a year ago levels). This is negative for Hindalco and Vedanta. While the debt does not appear high for these companies on the consolidated levels, the groups remain heavily leveraged as cash from one subsidiary to other leads to heavy tax leakages thus impacting debt paying abilities.

With the recent developments, analysts have turned negative and this could result in earnings downgrades.

Weak Demand, Trade War to Hit Metals Cos

"Domestic steel demand remains muted in May 2019, due to slower demand growth in auto and demand postponement in infra. Declining import offers amidst slow demand kept domestic prices under pressure.

Domestic producers will try to increase prices in June to offset part of hike in iron ore prices, but it would be difficult for the market to absorb the hike," said Ashish Kejriwal with IDFC securities in a recent note.

Amix Dixit, lead metals analysts with Edelweiss Securities, too, has a similar view and is concerned about the profitability of metal companies. "We expect profitability to come under further pressure as steel/aluminium prices have eroded further and global demand is placid," he said.

Expansion of SAIL will be in 2 phases: Chairman A K Chaudhary

The expansion of SAIL's production capacity to 50 million tonne per annum will be done in two phases, company's Chairman Anil Kumar Chaudhary has said. In December 2018, Chaudhary announced an expansion plan for the company. He had said that by 2030-31, the PSU would ramp up production capacity to 50 MTPA from about 21.4 MTPA at present.

"The expansion will be in two phases. In the first phase, we intend to reach 35 MTPA by 2025-2026, and the rest 15 MTPA in the second phase will be completed by March 31, 2031," he said.

He further said the country needs steel over a period of time and as demand grows the supply grows too.

"In steel industry, 100 per cent capacity utilisation takes time. It takes at least three years for the capacity to be ramped up. In first year 50 per cent can be achieved, In second year 70 per cent, In third year 90 per cent and then may be in fourth year you see 100 per cent capacity utilisation," the chairman said.

According to an industry expert, to add 1 million tonne of capacity, it would cost around Rs 6,000 crore.

SAIL, under Ministry of Steel, is the country's largest steel producer.

The PSU has set 17.5 million tonne steel production as target for the new financial year.

The company produced 16.3 MT of crude steel during 2018-19 financial year, registering a rise of 8 per cent over the previous year.

Steel companies urge govt to auction iron ore mining leases expiring in March

Steel companies have urged the government not to extend the merchant iron ore mining leases that are expiring next March, as it could lead to a revenue loss of Rs 80,000 crore to the exchequer.

Representing steel companies in a letter to Prime Minister Narendra Modi and the Niti Aayog, the Assocham, Indian Merchants Chamber, Chhattisgarh Sponge Iron Manufacturers' Association and the Karnataka Iron and Steel Manufacturers' Association, said the government would lose about Rs 79,500 crore revenue if the lease on 53 million tonnes of iron ore capacity that is expiring next March is not auctioned.

These operational mines should be auctioned immediately to ensure that there is no major supply disruption, they said. The major companies represented by the associations include JSW Steel, Tata Steel, Jindal Steel and Power, Welspun Steel, Jindal Saw, MESCO and Shyam Steels.

Auctioning of mineral concessions would improve transparency in allocation and increase revenue, it said.

According to the report published by the Government Committee, leases on 334 mines (49 operational and 245 non-operational) expire in March 2020.

Of this, leases on 33 operational iron ore mines with an annual production capacity of 55 mt and 16 working iron ore mines in Odisha expire next March.

Instead of extending these mining leases, a smooth auction and transition from the old lessees to new lessees should be done in a transparent manner, as in the case of coal blocks done five years back, the associations said.

In order to provide a level playing field between captive and merchant miners, it is crucial that fresh auction of the iron ore mines is conducted and both are allowed to participate in the auction, considering that a majority of iron mines allotted belong to merchant miners, it said.

The government needs to amend Section 8A (4) of the MMDR Act that allows auctioning of mines only on expiry of the lease period.

In May, the Federation of Indian Mineral Industries had pitched for immediate extension of leases of over 300 non-captive mines until March 2030, expressing the fear that the sector may face a crisis-like situation following the expiry of licenses of these mines.

In a presentation before a high-level committee of the Niti Aayog, it said the mining industry is facing a crisis following the amendment to the MMDR Act in January 2015, that provided for auction as the sole mode of granting concessions for a fixed period of 50 years to private companies - captive and non-captive.

IISCO Steel Plant CEO gets additional charge as Durgapur Steel Plant CEO

A V Kamlakar, CEO, IISCO Steel Plant (ISP) assumed additional charge as Chief Executive Officer, Durgapur Steel Plant & Alloy Steels Plant (DSP & ASP) on June 1, 2019. Earlier, Mr Kamlakar worked as Executive Director of Salem Steel Plant (SSP) and was also held additional charge as Executive Director, VISL. Since April 26, 2019 he has been posted as OSD at ISP.

Kamlakar joined SAIL at Bhilai Steel Plant (BSP) in 1987 after completing his B.E. in Metallurgy from Ravishankar University, Raipur. He worked for about 25 years in Rail & Strl Mill in

Bhilai Steel Plant, where he played a key role in production and supply of desired grade, quality and length of prime rails for Indian Railways. During his tenure at RSM of BSP, he was also involved in design and development of thick web asymmetric rails that are used in switch points of tracks. At Bhilai Steel Plant he rose through the ranks to head the Mill as General Manager in 2013. He was also instrumental as a Project Owner in finalizing design of the Modex unit, Universal Rail Mill, which is equipped with the first walking beam furnace, that became operational in Jan 2017, and rolls out the world's longest 130 metre rail. In July, 2016, he joined Durgapur Steel Plant (DSP) as an expert for stabilization of Medium Structural Mill (MSM) and assumed the charge of GM in charge of Mills.

SAIL looks for joint venture to manufacture auto grade steel

State-run Steel Authority of India Limited (SAIL) is in talks with Japanese and Korean steel-makers for a possible joint venture to manufacture auto grade steel, after a similar deal with ArcelorMittal reportedly got stuck, with Mittals chasing the purchase of bankrupt Essar Steel.

"A steel ministry delegation has visited Japan and we have met Japanese steel-makers like Nippon, TFE and Mitsubishi Steel," confirmed SAIL chairman Anil Kumar Chaudhury. The talks are expected to be taken forward by officials who may accompany Prime Minister Narendra Modi on a trip to Japan later this month.

SAIL started looking for potential alternative partners in manufacturing auto grade steel, which it wants to sell to the booming Indian automobile industry after ArcelorMittal indicated that they were keener on gaining control of Essar Steel rather than on investing in a joint venture with SAIL, where the inputs would be controlled by the state-run firm. SAIL's main rival in India, Tata Steel, already has an auto grade steel plant, in 51:49 JV with Sumitomo.

According to Chaudhury, SAIL has also reached out to POSCO for talks on auto-grade steel. Most foreign car makers in India are Japanese, followed by Korean and European. Usually, these car makers use the steel issued by their parent company back home and hence it makes sense for SAIL to try and tap a Japanese partner for auto-grade steel.

SAIL has been keen on technical and equity tie-ups with global steel makers in order to access high-end technology for value-added steel such as auto-grade steel as well as certain types of electrical grade steel. However, issues such as percentage of equity holdings, access to technology and royalties to be paid have so far bedevilled many such tie-up talks. Quite naturally, SAIL wants a majority holding as it would be providing land, investment as well as a marketing network.

SAIL and ArcelorMittal signed a Memorandum of Understanding in 2015 to set up the joint venture and since had several years of hard bargaining over the terms, including prices to be paid for raw material to be given by SAIL, equity structure, non-exit and non-compete clauses etc. In 2017, SAIL, however, managed to get plans finalised and approved. "When we talk to them they are open, but then they are too busy in the process of acquiring Essar," Chaudhary said, adding that SAIL is still waiting for a reply to a letter written to ArcelorMittal in February.

Maruti Ferrous' Resolution plan for Sunil Ispat gets NCLAT okay

The National Company Law Appellate

Tribunal has approved the resolution plan of Maruti Ferrous for the acquisition of bankrupt Sunil Ispat and Power. With this, a factory that's been shut for seven years is set to open for production. Lenders will recover half of the principal amount they had lent to Kolkata-based Sunil Ispat and Power. Total outstanding claims were at about Rs.36 crore.

The entities seeking to recover the loans are Hudco, Asset Reconstruction Company (India), Syndicate Bank, Bank of Baroda and Central Bank of India.

An estimated 200 people can be employed in the company's factory located in Raigarh. Kolkata-based Arun Gupta was the resolution professional in the insolvency case.

Maruti Ferrous emerged as the successful resolution applicant about four months ago. The Kolkata Chapter of the National Company Law Tribunal, too, had approved its proposal.

"The proposed modified distribution of the 'Resolution Plan' is in accordance with law and the same treatment has been given to the 'Financial Creditors," NCLAT said in the order, which ET has reviewed. T h e appellant is to make the payment within one month from the date of the order of this appellate tribunal, the court said.

The court had said that operational creditors must be paid in full along with other financial creditors.

Maruti Ferrous submitted a 'modified' resolution plan to include the operational creditors, who had neither supplied goods nor provided any services. The apex dedicated court in insolvency cases finally approved it.

"This case is all about employment as Sunil Ispat's Raipur facility would now be operational and create job opportunities for up to 200 people," said Gupta, the resolution professional.

Vedanta in talks for setting up auto ancillary park in Odisha's Jharsuguda

Anil Aggarwal-controlled Vedanta plans to set up a hot metal park at Jharsuguda in Odisha in partnership with the state government. The proposed joint venture would host auto ancillary units in the park with Vedanta's aluminium unit being the anchor. The company has already started working with all top automobile original equipment makers (OEMs) over the last few months and has signed agreements with them. Apart from other auto products, Vedanta is specifically looking at alloy wheels. "We are in talks with the government of Odisha to put up a hot metal park there and have automobile ancillary units. It (the plan) is at an active discussion stage. The government will provide land and enter into a joint venture with us," Ajay Kapur, the newly appointed chief executive officer, Vedanta Aluminium and Power told Business Standard. Vedanta has a cast house there but would need to make more investment. Besides, some land is available with the company while the state government will give some more. "This (the park) will help in Make in Odisha," said Kapur.

The park is part of Vedanta's plan to scale up the value curve. Other than value addition, the company is looking to increase metal capacity to 3 million tonne (mt) from 2 mt. "This would be mid-term. We are currently in the stage of putting together teams. We are already number one with 40 per cent of India's aluminium market. With this, we will become strongest in the world," added Kapur.

Vedanta's Lanjigarh alumina refinery expansion at a cost of Rs 6,486 crore got a go-ahead from the Odisha government last November. The metals and mining conglomerate wanted to raise capacity from one to 6 million tonnes annually. At Jharsuguda, the investment planned is Rs 1,204 crore.

Approximately Rs 2,000 crore investment potential is seen in alloy wheels for two wheelers. According to the ACMA, there is an annual requirement of around 35 million alloy wheels in India for two wheelers, out of which only 13 million wheels are being produced by domestic manufacturers while the remaining is imported mainly from China.

The government had levied anti-dumping duty on four-wheeler alloy wheels imported from China, Thailand and Korea for five years.

Vedanta currently has an aluminium metal capacity of 2.3 mt. Last year, it ramped up alumina capacity by 25 per cent at Lanjigarh. "Our metal production at smelters in Korba and Jharsuguda, increased by 19 per cent but we had some headwinds on cost which largely came out of international commodity prices and more importantly because of coal crisis last year," said Kapur.

Coal was available to independent power producers and not to captive power plants. There was also the issue of railway rakes being unavailable so the company had to import power. "We will further improve production this year. We have a long-term tie-up on bauxite, both locally from Odisha Bauxite Mining Company and Guinea where we have done long-term contract based on certain market indices. This gives us a good source at reasonable price to produce at Lanjigarh," said Kapur.

For every one tonne of metal, two tonnes of alumina is needed, while for one tonne of alumina, three tonnes of bauxite. "Today we have refinery 1.8-2 mt capacity and we produce 1.5 mt so we are well placed to reach our capacity. We need 5.5 mt bauxite of which 3 mt we are getting from Odisha state government company and 0.5 from our own mines in Chhattisgarh. We are fully secured as far as bauxite is concerned. As we get more bauxite from Odisha, the price will get better," Kapur added.

According to Kapur, imports were of good quality, so even though they pay more, it is very effective on the cost of ownership. Vedanta's imports would reduce this year by 15-20 per cent.

"Overall, the market is on downward trajectory and there are tariff issues between the US and China. Alunorte has started a plant and the capacity has come so the price has mellowed down," he said.

In the medium-term, the company wants to improve integration and improve refinery capacity and debottleneck. "We want to look at bauxite mining and bid for them and then build corridors to transport them. And, then build value added products which gives us much higher realisation," he said.

Budget 2019: Aluminium makers want new govt to ring-fence them from imports

Miffed at the spate of imports, domestic aluminium producers have enlisted a bevy of demands before the newly elected government. In their wish list for the full-fledged Budget for FY20 likely to be tabled on July 5, aluminium companies have asked for rationalising duties by wiping out the inverted duty structure and exempting them from the GST compensation cess levied at Rs 400 per tonne of coal.

Wary of the cost push factor from ingredients in aluminium making, domestic producers want duty on critical inputs such as calcined petroleum coke, caustic soda, aluminium fluoride, green anode and coal tar pitch to be cut to 2.5 per cent. Currently, the duties on these components, largely imported by aluminium companies, are taxed in the range of five to 10 per cent. For calcined alumina, the players are advocating duty-free imports, down from the present rate of five per cent. While Hindalco Industries and state run National Aluminium Company (Nalco) are adequately fed by their captive bauxite mines, their peer, Vedanta Ltd, leans heavily on imports to feed its smelters. Almost 35 per cent of the domestic alumina requirement is met through imports.

The escalating costs of inputs is making Indian aluminium non-competitive in international markets.

"The cost of production of aluminium metal in India has substantially increased over the past three to four years due to rising cost of raw materials, increase in various duties, cess and high logistics costs. As per global aluminium cost reports, the average production cost of Indian aluminium producers is amongst the highest in the world. While other aluminium producing countries support their domestic industry with cheaper raw material availability, power and subsidies, India is struggling to retain competitiveness despite possessing the fifth largest bauxite and coal reserves in the world", an industry source said.

The bearish trend in LME (London Metal Exchange) aluminium prices has not solaced the domestic makers. Over the past one year, aluminium prices on LME crashed by 24 per cent from $2290 per tonne in May 2018 to $1740 in May 2019. Production cost of aluminium in India has followed a contrarian trend, soaring 25 per cent in the last three years.

Aside from hike in prices of critical inputs, aluminium makers are sore over the GST compensation cess of Rs 400 per tonne on coal. They have clamoured for removal of this cess to support power intensive industries and help them retain the competitive edge.

"The steep hike in coal cess has adversely impacted the sustainability of the aluminium industry. Being a highly power intensive industry, coal contributes to about 40 per cent of the metal production cost. To illustrate, one tonne of aluminium consumes 1.7 tonnes of coal", the source added.

A recent report by planning think-tank Niti Aayog corroborated the concerns of aluminium makers. "Amongst the largest producers of aluminum like Canada, Russia, Middle East, Norway and China, India has the highest cost of production. This can be attributed to high power cost in India. Coal cess alone amounts to almost a fifth of the cost of mining coal. Despite having a competitive advantage in coal, India is one of the most expensive places to produce coal-based electricity. It is recommended that RPO (Renewable Purchase Obligation) obligations, coal cess and electricity duty charges may be rationalized to make these sectors competitive", it noted.

Aluminium companies are also in the teeth of external threats posed by spiralling imports which now have a staggering 60 per cent share in domestic consumption. Imports scaled an all-time high of 2.37 million tonnes in FY19, resulting in forex outgo of about Rs 40,000 crore.