



**BRAJ BINANI GROUP**

# Daily

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- Moody's assigns Ba2 rating to JSW Steel's unsecured notes, Fitch gives BB-minus

**London Metal Exchange - Monday 05, September 2020**

**MMR Landed Prices**

	Pr. Sell	Morning Session		Afternoon Session		Kerb	Change	Stk(tns)	Value		
	(1)	Buy	Sell * (2)	Buy	Sell		(2) - (1)	change			
							\$/ton				Rs/ton
<b>Copper Grade A</b>											
Spot	6409.50	6507.50	<b>6507.50</b>	6469.00	6470.00	6514.25	<b>98.0</b>	160,875	MMR LP		387,622
3-mth	6418.50	6519.50	<b>6519.50</b>	6481.00	6482.50	6528.50	<b>101.0</b>	-1100	14-D MA		395,768
Average	10-days - 6586.15		20-days - 6680.75		30-days - 6742.07				PP (HCL)		516,265
<b>Tin High Grade</b>											
Spot	17545.00	17850.00	<b>17850.00</b>	18022.00	18027.00	18040.00	<b>305.0</b>	5,550	--		--
3-mth	17530.00	17863.00	<b>17863.00</b>	18055.00	18060.00	18070.00	<b>333.0</b>	0	--		--
Average	10-days - 17544.10		20-days - 17823.35		30-days - 17845.23				--		--
<b>Lead</b>											
Spot	1763.00	1744.50	<b>1744.50</b>	1735.00	1736.50	1735.75	<b>-18.5</b>	135,600	MMR LP		145,604
3-mth	1783.50	1765.00	<b>1765.00</b>	1756.00	1757.00	1756.50	<b>-18.5</b>	-800	14-D MA		141,764
Average	10-days - 1793.95		20-days - 1837.93		30-days - 1878.37				PP (HZL)		160,700
<b>Zinc Special High Grade</b>											
Spot	2302.00	2298.00	<b>2298.00</b>	2309.00	2310.00	2307.00	<b>-4.0</b>	216,725	MMR LP		163,469
3-mth	2317.50	2316.00	<b>2316.00</b>	2327.00	2328.50	2326.50	<b>-1.5</b>	2175	14-D MA		162,202
Average	10-days - 2383.05		20-days - 2414.90		30-days - 2437.62				PP (HZL)		205,000
<b>Aluminium</b>											
Spot	1705.00	1741.50	<b>1741.50</b>	1741.00	1742.00	1735.75	<b>36.5</b>	1,438,925	MMR LP		133,031
3-mth	1740.00	1773.00	<b>1773.00</b>	1773.00	1774.00	1756.50	<b>33.0</b>	-5350	14-D MA		138,512
Average	10-days - 1725.05		20-days - 1737.03		30-days - 1742.18				PP (Nalco)		149,050
<b>Aluminium Alloy</b>											
Spot	1500.00	1490.00	<b>1490.00</b>	NA	NA	NA	<b>-10.0</b>	5,780			
3-mth	1550.00	1550.00	<b>1550.00</b>	NA	NA	NA	<b>0.0</b>	0			
Average	10-days - 1496.65		20-days - 1473.65		30-days - 1448.92						
<b>Nickel</b>											
Spot	14271.00	14360.00	<b>14360.00</b>	14520.00	14525.00	14604.50	<b>89.0</b>	236,172	Copper		01-Sep
3-mth	14305.00	14405.00	<b>14405.00</b>	14560.00	14565.00	14644.00	<b>100.0</b>	-30	Aluminium		30-Sep
Average	10-days - 14371.50		20-days - 14663.55		30-days - 14400.97				Zinc		01-Oct
									Lead		01-Oct

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

**Minor Metals (\$/LB)**

	Antimony	Cadmium	Cobalt HG	Moly.oxide	Selenium	Silicon	Tungsten	Fe Si Magnesium
	99.65%	99.95%	99.80%					
	5,600	100.00	15.50	7.90	7.00	1840.00	245.00	172

**Week ended Avg of Steel Prices : 02/10/2020 (Excl. GST)**

	Mandi Gobindgarh - Punjab				Mumbai	Kolkata	Delhi	Chennai		Mumbai	Bhiwadi	Kanpur
<b>Sponge Iron</b>	24,800	HMS OLD	26,000	HMS	31,100	29,500	29,700	24,000	MS Ingots	37,000	36,000	34,000
<b>Pig Iron</b>	34,900	HMS Fresh	28,300	CRP(LSLP)	32,000	-	-	-	-	-	-	-
<b>Alum. Alloy : Basic prices excl. CST/VAT</b>	Ex. Mumbai Mkt rates in kgs : 30/9/2020				ADC 12	132.5		AlSi 9 Cu3	134.5		LM6	151
	Ex. Delhi Mkt rates in kgs : 30/9/2020					130						

**Indicative Domestic Market Rates (Rs./kg)**

**Comex Copper (cents/lb)**

**Comex Al (cents/lb)**

	Mumbai		Delhi		Chennai		Comex Copper (cents/lb)			Comex Al (cents/lb)			
	05-Oct	Prev	05-Oct	Prev	05-Oct	Prev	Rate	Change	Rate	Change			
<b>Virgin Metals</b>							OCT'20	<b>296.50</b>	10.2	-	-		
Copper Pat			<b>399.0</b>	399.0	-	-	NOV'20	<b>296.15</b>	9.8	-	-		
Copper W/Bar	<b>509.0</b>	515.0	-	-	-	-	DEC'20	<b>296.30</b>	9.8	-	-		
Alum Ingot	<b>148.0</b>	149.0	<b>141.0</b>	141.0	<b>140.0</b>	140.0	<b>Precious Metals : Indicative Rates</b>						
Zinc Slab	<b>190.0</b>	196.0	<b>163.0</b>	163.0	-	-	<b>Metal</b>	<b>Market</b>	<b>Unit</b>	<b>05-Oct</b>	<b>Prev</b>		
Lead Ingot	<b>159.0</b>	152.0	<b>141.0</b>	141.0	-	-	-	Gold Std	Mumbai	Rs/10g	<b>50,498</b>	50,413	
Tin Slab	<b>1,460.0</b>	1,430.0	<b>1,280.0</b>	1,280.0	-	-	-	Silver	Mumbai	Rs/kg	<b>60,111</b>	59,264	
Nickel (4x4)	<b>1,073.0</b>	1,080.0	<b>980.0</b>	980.0	-	-	-	Gold	London	\$/tr.oz.	<b>1,909.60</b>	1,903.05	
<b>Scrap</b>							-	Silver	London	\$/tr.oz.	<b>23.91</b>	23.86	
Copper Heavy	<b>475.0</b>	479.0	--	--	-	-	-	Gold	Comex	\$/tr.oz.	<b>1,912.50</b>	1,908.40	
Copper Uten.	<b>430.0</b>	430.0	--	--	-	-	-	Silver	Comex	\$/tr.oz.	<b>24.50</b>	24.19	
Copper Mixed	--	--	<b>370.0</b>	370.0	-	-	<b>Forex: October 05, 2020 (Rs/Unit Currency)</b>						
Brass Utensil	<b>322.0</b>	325.0	--	--	-	-	<b>USD</b>		<b>GBP</b>		<b>YEN</b>		
Brass Huny	<b>312.0</b>	314.0	<b>288.0</b>	288.0	-	-	<b>Buy</b>	73.86	95.59			0.7017	
Brass Sheet	<b>342.0</b>	343.0	-	-	-	-	<b>Sell</b>	73.17	94.67			0.6931	
Alum Utensil	<b>120.0</b>	118.0	<b>107.0</b>	107.0	-	-	<b>EURO</b>		<b>SGD</b>		<b>AUD</b>		
							<b>Buy</b>	86.65	54.36				53.11
							<b>Sell</b>	85.85	53.70				52.59
													79.78

Customs Notified Rates : September 18th 2020 [Rs.(Imp/Exp)]: US\$ 74.60/72.90; Pound Sterling 96.90/93.55; Euro 88.20/85.10

US stock futures were little changed on Monday evening after the market had its strongest session in several weeks.

Futures tied to the Dow Jones Industrial Average rose about were flat. Contracts for the Nasdaq 100 slipped about 0.2%, while those for the S&P 500 were down 0.1%.

The stability for futures followed a strong Monday session for the market as investors grew more optimistic about President Donald Trump's health and the possibility of additional economic relief. The Nasdaq Composite led the way with 2.3% climb, while the S&P 500 and Dow jumped 1.8% and 1.7%, respectively. That marked the best performances for the Nasdaq and S&P 500 since Sept. 9 and the best day for the Dow since July 14.

Trump left Walter Reed National Military Medical Center on Monday night, though White House physician Dr. Sean Conley acknowledged earlier in the day that Trump "may not be out of the woods yet."

Meanwhile, House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin spoke for an hour on Monday regarding another stimulus package but did not reach an agreement. Pelosi's spokesman Drew Hammill said in a tweet that the two planned to speak again on Tuesday.

The rally on Monday was broad, with the Russell 2000 gaining 2.8% for the small cap index's sixth positive session in seven. Chris Ailman, the chief investment officer for CalSTRS, said on CNBC's "Closing Bell" that the participation of smaller stocks was a good sign for markets.

"Personally, I think I'm pretty concerned about the risks in front of us, the fact that the market is so top-heavy in the famous five stocks. But it was good to see the small caps do well today. I think that's healthier for the market," Ailman said. "We need a stimulus. The bottom line is this is a health crisis, and the health crisis is far from over."

Investors will get another look at the job market recovery on Tuesday morning when the Labor Department releases its Job Openings and Labor Turnover Survey. The reading comes after Friday's jobs report for September showed weaker-than-expected job growth.

## Currency Market

The recent surge in the U.S. dollar will last less than three months, according to a majority of foreign exchange strategists polled by Reuters who said the greenback would have a roller coaster ride in the run-up to the U.S. presidential election.

In September, the dollar rose more than 2% - its best monthly performance this year. But the greenback is still down more than 3% in 2020, a loss which was not expected to be recouped over the coming year, according to the Reuters poll of around 80 strategists taken between Sept. 28 and Oct. 5.

While last week's ill-tempered debate between President Donald Trump and Democratic challenger Joe Biden reinforced concerns the outcome of the Nov. 3 presidential election could be questioned and boosted the greenback, hopes for U.S. stimulus have had markets in the mood for riskier bets.

The expected pull and push in the currency market in the lead up to the election was underscored by the wide range of forecasts in the one-month-ahead predictions compared to the previous month.

While Trump's positive test for COVID-19 and data on U.S. currency futures positions point to upside potential in the dollar's recovery, nearly three-quarters of analysts, 54 of 75, in response to an additional question said the greenback's recent surge would last less than three months.

That included 13 respondents who said the dollar's run-up was already over, while the remaining 21 predicted it to run for over three months.

"The outlook for the next month or so is messy to be honest, because of the U.S. election... but the dollar will benefit from the ongoing political uncertainty in the next few weeks," said Kit Juckes, head of FX strategy, at Societe Generale.

That expected volatility was also highlighted in the median responses to additional questions, which showed the dollar could rise around 2%, or conversely fall by as much, in the run-up to the election.

## Precious Metals

Gold and silver prices struggled today in Indian markets amid muted global rates. On MCX, December futures dipped 0.15% to Rs 50,550 per 10 gram while silver futures declined 0.12% to Rs 61,868 per kg. In the previous session, gold prices rose 0.1%, recovering from day's low of Rs 50,030 while silver had gained 1%. After falling from August 7 highs of Rs 56,200 per 10 gram, gold has remained volatile over the past few sessions. Silver too has corrected from its high of Rs 80,000 per kg, also hit in August.

In global markets, gold prices were steady after rising to a two-week high in the previous session. Spot gold traded at \$1,912.49 per ounce while hit \$1,918.36 on Monday, highest since September 22.

Global risk sentiment improved after US President Donald Trump returned to the White House on Monday after a three-night hospital stay where he was being treated for COVID-19. For gold, a softer dollar helped offset pressure from an upbeat risk sentiment.

Among other precious metals, silver rose 0.1% to \$24.37 per ounce, platinum inched 0.1% higher to \$897.99, while palladium dipped 0.2% to \$2,356.85.

Most Asian stock markets today tracked overnight gains of their US peers higher on Trump's health update and amid optimism that

lawmakers will move closer to providing more stimulus. The dollar remained under pressure, dipping 0.1% against rivals. Risk sentiment improved amid signs of progress in President Trump's health and increased efforts to finalize US fiscal stimulus, say analysts.

US House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin are set to talk again today as on the coronavirus economic relief, continuing their work towards a deal on legislation.

Gold traders will be closely watching Fed Chair Jerome Powell's comments as he delivers keynote address at a conference later today. On Wednesday, the minutes of the Fed's September 15-16 meeting will be released.

The US dollar may continue to remain key price determining factor for gold in the near term with focus on US economy, says Kotak Securities in a note.

"Concerns about health of the US economy also weighed on the US currency. Mixed US economic data, rising virus cases and delay in additional stimulus measures has kept concerns high about health of US economy," the brokerage said.

The pace of gold ETF buying remained uneven. "ETF flows are usually highly price sensitive to unless we see sustained recovery in prices, we may not see much buying interest," Kotak Securities said.

## Base Metals

London copper rose on Tuesday as investors hoped for progress on U.S. stimulus talks, while a looming strike at a copper mine in top producer Chile raised production risks.

U.S. House Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin spoke by phone for about an hour on Monday on coronavirus economic relief, which would boost demand for copper, and were preparing to talk again Tuesday.

Global markets sentiment also improved as U.S. President Donald Trump returned to the White House from the hospital where he was treated for COVID-19.

Meanwhile, a workers' union at the Candelaria copper mine in Chile rejected a contract offer from Canada's Lundin Mining, raising the possibility of a strike.

Three-month copper on the London Metal Exchange rose 0.3% to \$6,549.50 a tonne by 0234 GMT, while aluminum advanced 0.3% to \$1,781.50 a tonne, zinc gained 0.5% to \$2,339 a tonne and lead was up 0.5% at \$1,765 a tonne.

The discount on LME cash copper over the three-month contract stretched to \$14.25 a tonne, its biggest since June. 22, indicating abundant nearby supplies.

## Energy Market

Oil prices skyrocketed on Monday morning as U.S. President Donald Trump's health appears to have improved after testing positive for the coronavirus on Thursday evening.

At 11:06 a.m. EDT, the price of the WTI benchmark had risen by 6.15% to \$39.33. While the gains are substantial for the day, they are still under the \$40 per barrel mark, and still under where prices were just a week ago, as both major benchmarks stumbled on Friday as reports came in that President Trump had tested positive.

But by Monday, White House Chief of Staff Mark Meadows suggested that the President was improving, and was ready to return to work as usual. Meadows also indicated that President Trump could return to the White House later today. The U.S. President also took a few moments out of his hospital sequestration on Sunday to appear in a motorcade to wave to his supporters.

While Trump took criticism for his brash move on Sunday, his appearance instilled confidence in the markets.

The Brent crude benchmark was trading up 5.65%, at \$41.49.

Prices were also supported by strike action in Norway that shut down six offshore oil and gas fields on Monday, including four of Equinor's. More oil and gas field shutdowns are possible in Norway as the strike continues to escalate over pay.

The strike, while painful for Norway, is a welcomed addition to the oil markets who are grappling with low demand and increasing supply out of Libya. Production has ramped up in Libya to almost double following a lifting of the months-long blockade.

In Libya, production is now thought to be near 300,000 bpd. The strike in Norway is estimated to have taken offline 330,000 bpd, more than offsetting any gains in Libya.

## News Report & Analysis

### Commerce ministry starts probe to review continuation of anti-dumping duty on some steel products from 7 countries

The Commerce Ministry's investigation arm DGTR has initiated a probe to review the need to continue imposition of anti-dumping duty on certain types of steel products imported from China, Korea, European Union, South Africa, Taiwan, Thailand and the US following complaints from domestic industry, according to a notification.

Jindal Stainless Ltd, Jindal Stainless (Hisar) Ltd and Jindal Stainless Steelway Ltd have filed an application before the Directorate General of Trade Remedies (DGTR) on behalf of the domestic industry for sunset review of anti-dumping duty imposed on imports of 'Cold Rolled Flat Products of Stainless Steel of width 600 mm to 1250 mm and above 1250 mm of non bonafide usage' from these countries.

The applicants have alleged likelihood of continuation or recurrence of dumping on the products coming from these countries and have requested for review and continuation of the duty imposed on the imports.

"On the basis of the duly substantiated application by or on behalf of the domestic industry, and having satisfied itself, on the basis of the prima facie evidence submitted by the domestic industry, about the likelihood of continuation or recurrence of dumping and injury to the domestic industry...the authority, hereby, initiates a sunset review investigation," the notification, dated September 30, said.

DGTR would review the need for continued imposition of the duties in force and examine whether the expiry of existing duties are likely to lead to continuation or recurrence of dumping and impact the domestic industry.

The duty on the product was first imposed in February 2010 and was later extended in December 2015.

The duty is aimed at ensuring fair trade practices and creating a level-playing field for domestic producers with regard to foreign producers and exporters.

## Compulsory registration of steel imports evokes mixed reactions from industry

The increase in number of items covered under the Steel Import Monitoring System (SIMS) from 250 items to 352 is expected to slow down imports and encourage consumers to source domestically.

The SIMS was introduced in November 2019 for 250 specified iron and steel items.

Under the SIMS, importers have to submit advance information through an online system and obtain an automatic registration number by paying a fee of Rs.1 per thousand subjects to a minimum of Rs.500 and maximum of Rs.1 lakh

on CIF value. The automatic registration number would be valid for 75 days.

Bhaskar Chatterjee, Secretary-General, Indian Steel Association, said the mandatory registration on imports will improve the quality of products being shipped in and will stop the dumping of defectives and seconds (reused) steel. The circumvention of duty can also be plugged as few items are now being imported duty-free with minor value-addition in specific countries, he added.

Further, industry sources also believe that the compulsory registration of steel imports will help the industry collate data on the kind of items being imported and produce them domestically. The Steel Ministry has already proposed an incentive package of Rs.3,350 crore under a production-linked incentive scheme and a phased manufacturing programme to boost the domestic production of the various grades of steel that are largely imported.

### The fear

Sanjay Gosh, President, Amey Enterprises, which sources steel products for various capital goods projects, says, "The expansion of the registration list for steel imports will lead to a delay in shipments and increase the cost of specialised steel products that are not produced in India..."

Some of the new items included in the list for mandatory registration include certain flat-rolled products, stranded wire, ropes, cables; certain items of springs and leaves for springs of iron and steel; tubes, pipes and hollow profiles; diesel-electric locomotives; and parts of railways.

Manoj Kumar Jain, Director, Prithvi Finmart, said the move will certainly impact steel imports, but will also boost the revenues of Indian steel companies, which are incurring a higher finance cost compared to their global peers.

Steel imports into India have dropped

sharply due to the fall in demand due the Covid pandemic. In fact, most of the domestic steel producers had to export about 60 per cent of their production as domestic demand was weak. Steel imports plunged 52 per cent to 1.67 million tonnes during the first five months of the fiscal, while it dipped 81 per cent to 1,62,000 tonnes in August.

## Steel prices marked up for the fourth month in a row

Steel companies have hiked hot-rolled coil prices by Rs.2,000 a tonne to about Rs.42,500 and that of wire rods and TMT bars by a similar amount to Rs.42,750 and Rs.39,000, respectively.

The price hike this month is the fourth consecutive rise as the domestic demand showed strong signs of revival. However, the concern still lingers on a steady increase in Covid cases after gradual unlocking of economic activity by the government.

The recovery in both automobile and white goods sectors have helped steel companies push HRC prices above the pre-Covid level of Rs. 42,000 a tonne.

Since July, steel companies have increased HRC prices by Rs.7,000-7,500 a tonne to cover the rise in raw material prices partially and bridge the discount in domestic prices compared to the landed cost of imports.

Besides improvement in demand from end users, dealers have also gained the confidence to replenish their inventory amid tight supply condition.

Amit Murarka, Research Analyst, Motilal Oswal Research said the rise in domestic steel prices is in contrary to the trend in China where prices have fallen by \$25 a tonne last month and are expected to decline further this month.

"We believe the domestic hike underscores the current strength of demand in India for flat products and tight market supply," he said.

Post the recent hike, domestic HRC are priced at five per cent premium compared to the landed cost of imports from South Korea (\$555 a tonne) and about 10 per cent premium to imports from China.

The price trend in China, post their week-long national holidays, would determine the direction for regional and domestic steel prices. If prices in China do not improve post the holidays, it will be difficult for Indian steel producers to hold costs at a premium over China as imports will start seeping in, he added.

### Iron ore prices to hold firm

NMDC, the largest iron ore producer in India, reported that its sales were up 10 per cent in September at 2.11 million tonne against 1.91 mt logged in the same period last year.

Its production also increased by 12 per cent to 1.83 mt (1.64 mt). The company has managed to reduce its inventory on the back of strong demand from steel companies.

The public sector company, which hiked iron ore prices last month by Rs.300 a tonne each for lumps (65.5 per cent Fe content) to Rs.3,250 and for fines (with 64 per cent Fe) to Rs.2,950 a tonne, is expected to increase prices further this month on the back of buoyant demand, sources said.

## Electrosteel Castings, Srikalahasti Pipes boards approve merger

The board of directors of Electrosteel Castings (ECL) and Srikalahasti Pipes (SPL) have approved the proposed scheme of amalgamation of the two companies.

Post merger, the combined entity will become a leading manufacturer of ductile iron pipes. The merged entity will have total DI pipe manufacturing capacity of 8 lakh tonne in India with a market share of 30 %, the company said in a statement.

The proposed amalgamation scheme

entails transfer of the entire undertaking of SPL into the company and the dissolution of SPL without winding up. The appointed date for amalgamation under the scheme is October 1.

The merger will be subject to regulatory approvals, including the nod from Sebi, creditors, the stock exchanges, Competition Commission of India, the National Company Law Tribunal under the Companies Act, 2013, the Registrar and the official liquidator.

Srikalahasti shareholders will get 59 equity shares of ECL for every 10 equity shares held in SPL, the company release added. The boards of both the companies considered and approved plans to reorganise the businesses with a view to simplify the group structure and consolidate business

ECL executive director (group finance) and CFO Ashutosh Agarwal said: "The merger will achieve the group objective of consolidating its DI Pipe manufacturing business into a single entity, thereby, creating a platform that will help in pursuing aggressive growth, domestically as well as internationally."

Agarwal further said, "the combined profitability and cash flow of the merged entity will provide an impetus to our growth and will act as a force multiplier to our efforts of increasing market share. The financial indicators post-merger will support Electrosteel Castings to maintain its credit rating."

Electrosteel Castings closed last fiscal with revenues of Rs 2,480 core while Srikalahasti Pipes clocked a revenue of Rs 1,663 crore.

Baker Tilly India were financial advisors for the scheme and Khaitan & Co. were legal advisors.

Electrosteel Castings has been a leading manufacturer of ductile iron pipes and fittings with nearly five decades of association with water infrastructure solutions for water supply and sewerage systems and supply of pipes. It has facilities in Khardah, Haldia and Bansberia in West Bengal and Elavur in Tamil Nadu.

An associate company of ECL, Srikalahasti Pipes has manufacturing facility in Chittoor district of Andhra Pradesh. The integrated facility has backward and forward integration units in a centralized complex spread across 300 acres.

## Moody's assigns Ba2 rating to JSW Steel's unsecured notes, Fitch gives BB-minus

Moody's Investors Service on Monday assigned a Ba2 rating to the proposed senior unsecured notes to be issued by Periana Holdings LLC, a wholly-owned indirect subsidiary of JSW Steel Ltd.

The outlook on the rating is negative, it said. Meanwhile, Fitch Ratings assigned a BB-minus rating.

Moody's said the proposed notes are backed by an unconditional, irrevocable corporate guarantee from JSW up to 125% of the notes' face value, and rank pari passu (on equal footing) with the company's existing senior unsecured debt.

"As a result, they are also rated at the same level as JSW's Ba2 corporate family rating," said Kaustubh Chaubal, Moody's Vice President and Senior Credit Officer.

"Proceeds from the issuance will be routed to JSW through the repayment of an inter-company loan and are expected to be used to repay existing indebtedness at JSW and for general corporate purpose."

The Ba2 corporate family rating reflects JSW's large scale and strong position in its key markets, competitive conversion costs -- resulting from its efficient operations and use of the latest furnace technology -- as well as good product and end-market diversification, given its increasing focus on value-added products and retail sales.

Moody's expects steel consumption in India, JSW's key operating market, to contract by at

least 15% in the fiscal year ending March 2021 because of weak automotive and manufacturing demand amid the pandemic, even as economic activity slowly resumes in Q3 fiscal 2021 and infrastructure investments rise.

"However, the impact on JSW will be modest due to its strong market position and competitive cost structure," added Chaubal.

JSW should be able to restore its metrics to appropriate levels by fiscal 2023, considering its relatively strong business profile, brand strength and technological capabilities which will help it sustain above-average profitability.

However, the possibility of second or third waves of virus infections or deeper economic costs than expected pose downside risks to this recovery forecast.

## Copper futures rise marginally on fresh bets

Copper prices on Monday rose by 2.38 per cent to Rs 509.35 per kg in futures trade on pick-up in spot demand. On the Multi Commodity Exchange, copper contracts for October delivery traded higher by Rs 11.85, or 2.38 per cent, at Rs 509.35 per kg in a business turnover of 4,308 lots. Analysts attributed the rise in copper prices to raising of bets by participants, driven by a pick-up in spot demand.

## Hindalco up 3% after Novelis closes sale of former Aleris plant in Belgium

Shares of Hindalco Industries rose 2.7% after the company's subsidiary, Novelis Inc, announced the closure of sale of former Aleris plant in Duffel, Belgium, to ALVANCE, the international aluminium business of the GFG Alliance.

At 0251 pm, Hindalco shares traded at Rs.178.45, up 2.5% from its previous close, while the benchmark Sensex was up 0.9% to 39,047.06.

Earlier, the European Commission and Chinese State Administration for Market Regulation had determined that Novelis's acquisition of Aleris, which closed earlier this year, could proceed on the condition that Novelis divest the Duffel plant to a third party that met certain buyer suitability requirements.

"Both regulators have now approved ALVANCE as a suitable buyer and have permitted the sale to be completed," the company said in a BSE filing made on Friday.

In November last year, ALVANCE had agreed to acquire the Duffel facility for 310 million euros. At closing on 30 September, Novelis received 210 million euros in cash. The parties have agreed to a post-closing arbitration process regarding the payment of the remaining 100 million euros.

The Aleris acquisition provides a strong pro-forma financial profile for Novelis with many strategic benefits and continues to be value accretive, with the long-term outlook in line with the original acquisition case.

Novelis, the world's largest recycler of aluminium, serves customers in the aerospace, automotive, beverage can and specialties industries throughout North America, Europe, Asia, and South America.

The company reported a standalone net loss of Rs.40 crore for the June quarter compared to a net profit of Rs.23 crore in the year-ago period. Revenue from operations stood at Rs.7,420 crore in the last quarter, down 26% on year.

Hindalco Industries, among the flagship company of the Aditya Birla Group, is the world's largest aluminium rolling and recycling company, and a major copper player. It is also one of Asia's largest producers of primary aluminium.

## Nickel futures rise on firm spot demand

Nickel prices on Monday rose by Rs 7.70 to Rs 1,055.30 per kg in futures trade as speculators built fresh positions on rising demand from alloy makers in spot market. On the Multi Commodity Exchange, nickel contracts for October delivery gained Rs 7.70, or 0.74 per cent, to Rs 1,055.30 per kg in a business turnover of 1,744 lots.

Rise in demand in spot market from alloy makers mainly supported the price rise in nickel futures, analysts said.

## Zinc futures down on muted demand

Zinc prices on Monday fell by 0.22 per cent to Rs 184.35 per kg in futures trade as speculators reduced their exposure taking negative cues from spot market. On the Multi Commodity Exchange, zinc contracts for October delivery traded lower by 40 paise, or 0.22 per cent, at Rs 184.35 per kg in 2,385 lots.

Analysts said offloading of positions by participants owing to slackened demand from consuming industries in the physical market mainly weighed on zinc prices here.

## Vedanta's investors eye delisting for returns as stock fares poorly

Shareholders of Vedanta Ltd have not been getting good returns for the past few years. The stock is down 10.4% in the last three years compared with the Nifty 50's gains of 9.6% in the same period.

Now, with the start of a reverse book-building process to delist the shares, investors may want to see whether returns could improve. Besides, given that the outlook for metals is improving, analysts see a potential increase in the final delisting price.

Parent Vedanta Resources Ltd has raised

resources of about \$3.15 billion for the delisting process, which implies a delisting price of about Rs.132 per share, say analysts. But investors could be looking at a higher price. The parent company has borrowed \$307 million from Vedanta's subsidiary Cairn India Holdings Ltd and can borrow further from subsidiaries up to \$1.05 billion without specifying the usage of these loans, said analysts. While companies are known to borrow or lend to subsidiaries, analysts are concerned over the accounting of these proceeds.

"Vedanta is treating this loan as cash in its books, even though the money has been transferred outside its books, which we believe is not the best way of accounting loans given to parent," analysts at Emkay Global Financial Services wrote in a note.

Those at Investec Securities believe this could potentially raise the delisting price. "Vedanta's potential \$1.05 billion of inter-company loan is well within the limits defined by section 186 of Companies Act.

"Headline math of \$3.15 billion plus \$1.05 billion, plus potential upstreaming dividends, if for delisting purposes, indicate an exit price well beyond our target price (Rs.162)," said Ritesh Shah, analyst, Investec Securities.

Earlier, Vedanta had taken an impairment charge on its book which reduced the book value to Rs.89.38 per share, which is close to the near floor price of Rs.87.5 for the reverse book-building process. However, Vedanta's shares were still hovering around the Rs.137 mark, implying that investors are expecting a better delisting price.

Meanwhile, Vedanta's Q1 numbers were not that bad, given the lockdown. The firm's 25.3% drop in revenues against the year-ago period was in line with Street estimates. However, Vedanta's operating profits were a

step ahead of the Street largely due to good performance from its aluminium business. Against the Street's expectation of a drop of about 44% in Ebitda, Vedanta reported just 23% drop year-on-year. Ebitda is earnings before interest, tax, depreciation and amortization. Meanwhile, analysts also note that the global outlook for metals has been improving, thanks to the recovery in China. "With commodity prices hovering near decadal lows, attractive valuations, and Hindustan Zinc Ltd's potential second call option, Vedanta promoters have sought a de-listing, an opportunistic move on both valuations and timing," said Investec analysts.

## Gold rate slips Rs 450 to Rs 50,120 in early trade

Gold and silver prices drifted lower on Monday as the markets opened after an extended weekend. Investors shrugged off the uncertainty over US President Donald Trump's health and reduced their positions in futures trading.

Doctors treating Trump for COVID-19 sent conflicting signals about the severity of his condition on Sunday, hours before the president surprised supporters gathered outside the hospital with an impromptu motorcade.

Gold futures on MCX were down 0.89 per cent or Rs 450 at Rs 50,120 per 10 grams. Silver futures dropped 0.95 per cent or Rs 580 to Rs 60,565 per kg. In the spot market, gold prices rose marginally by Rs 37 to Rs 51,389 per 10 gram in the national capital on Thursday in line with a positive global trend, according to HDFC Securities. Silver prices, however, declined Rs 915 to Rs 61,423 per kilogram.

Globally, gold prices were steady around the \$1,900 level on Monday, amid political uncertainty stoked by US President Donald Trump's health after he tested positive for COVID-19 last week. Spot gold was up 0.1

per cent to \$1,900.28 per ounce by 0048 GMT. US gold futures were down 0.1 per cent at \$1,906.30.

US employment growth slowed more than expected in September and over 300,000 Americans lost their jobs permanently, underscoring the need for additional fiscal stimulus to aid the economy's recovery.

Speculators reduced their bullish positions in COMEX gold and increased them in silver contracts in the week to Sept. 29, the U.S. Commodity Futures Trading Commission (CFTC) said on Friday. Holdings in SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.05 per cent to 1,275.60 tonnes on Friday. Silver rose 0.8 per cent to \$23.89 per ounce, platinum eased 0.1 per cent to \$881.51 and palladium was little changed at \$2,307.64.

## Gold futures ease on low demand

Gold futures on Monday fell by 0.71 per cent to Rs 50,110 per 10 gram as participants offloaded their holdings on low spot demand. On the Multi Commodity Exchange, gold prices for October delivery declined by Rs 360, or 0.71 per cent, to Rs 50,110 per 10 gram in a business turnover of 67 lots. The yellow metal for December delivery eased by Rs 425, or 0.84 per cent, to Rs 50,145 per 10 gram in 15,521 lots.

Gold was trading 0.52 per cent down at USD 1,897.70 per ounce in New York.

## Silver futures drop on subdued demand

Silver futures on Monday dropped by Rs 545 to Rs 60,600 per kg as participants reduced their bets on low demand. On the Multi Commodity Exchange, silver contracts for December delivery tumbled by Rs 545, or 0.89 per cent, to Rs 60,600 per kg in a business turnover of 16,180 lots.

Silver traded lower by 0.18 per cent at USD 23.99 per ounce in New York.