

# METALWORLD

Devoted to Foundry & Non-Ferrous Metals Industry

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**Ajay Kapur**

Managing Director – Commercial and CEO,  
Aluminium & Power, Vedanta Ltd.

■ **Infrastructure projects spending to enhance the demand for Metal Industry**

■ **Copper prices surges above to \$9,000; rising demand spurs the rally Metalworld Bureau**

■ **Union Budget 2021 - What's in store for the Metal Industry**

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## D. A. Chandekar Editor

*Dear Readers,*

Since the beginning of the year 2020 the global pandemic of covid-19 started spreading and in no time the whole world was in its grip. The mankind suffered heavy fatalities during this period. Even industry had to digest heavy losses which gave rise to joblessness and unemployment. The metals sector was no exception as in many mills the labour was not available, logistic support was almost non-existent, demand shrunk to an all time low and the financial resources were very much limited to sustain this challenging period. Of course the big and integrated plants managed to pull on with somewhat less capacity utilization but the smaller units and the processors which fall in MSME category were the real sufferers. Unfortunately many could not re-open the shutters after the pandemic subsided to some extent by end of 2020.

As regards the overall situation in the industry, everyone is pleasantly surprised by the way metals sector in the country has recovered so far. It has almost manifested a V shaped recovery. While celebrating this recovery, we also must analyse and

## Editorial Desk



discuss the possible reasons behind this surge. Firstly, this year's monsoon was very satisfactory which ensured that majority of the population is financially comfortable. Further, as the economy was almost standstill for the first few months, there was something called as 'accumulated demand' which helped the metal demand to get a initial push. The 20 Lac crore package announced by the government somewhere in the later part of 2020 also helped the industry to sustain in this lean period. Now the production has almost reached the pre covid level. Also the demand seems to be robust, thanks to the infra projects which are now restarted and also to a super performance by auto sector. These factors have really helped the metals demand to stabilise and grow.

As you may be knowing, in this covid period 'Metalworld' organised few conferences on digital platform. Industry too responded well to this new platform. Among the many negatives of covid pandemic, there is one distinct positive. It has taught us to use digital medium more effectively. On one hand digitalisation is being employed in the plants to increase the productivity, efficiency and also the quality and on the other hand digital products like magazines, workshops, conferences, exhibitions are getting more and more acceptance. With the help of social media tools, these products can have tremendous reach and penetration within the industry.

The scars of pandemic will gradually vanish as the time passes but the wisdom we gathered during this period will always remain with us. ■

*Write your comments :*

<https://metalworlddac.wordpress.com>

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## Infrastructure projects spending to enhance the demand for Metal Industry

Ajay Kapur is the Managing Director – Commercial and CEO, Aluminium & Power, Vedanta Ltd. He is also part of Vedanta's Group Executive Committee and has a rich experience of over 32 years in the core sectors.

One of the tallest leaders in the industry, as Managing Director – Commercial of Vedanta Group, Ajay Kapur is transforming the newly integrated marketing & commercial functions through category expertise, digitalization and innovation.

As being the CEO of Vedanta's Aluminium & Power Business, Ajay Kapur is responsible for the realisation of the full potential of the US\$10-billion assets and vertical integration of the aluminium business. He is also driving further sustainability, growth and expansion of this business that is India's largest aluminium company and one of India's largest power producers.

He is an alumnus of Wharton Business School and a much-awarded industry leader and exponent of the core sectors' contribution to the economy.



**“The path to recovery in 2021 will be a gradual and it will continue in the year ahead which are mostly relying on stimulus measures announced by Government of India”** by

Ajay Kapur, CEO – Aluminium & Power and MD – Commercial, Vedanta Ltd.

D A Chandekar, Editor & CEO, Metalworld had an exclusive interaction with Ajay Kapur, to understand the present demand for metal industry and how it has been impacted especially post pandemic

period etc. Kapur also highlighted the Union Budget 2021 measures impact on Non-Ferrous metal industry perspective demand which is a positive development.

### **Excerpts:**

**How do you see the present demand for non-ferrous metals in the country ?**

The demand for key non-ferrous metals Aluminium & Copper have been bounced back very sharply in the last 3-4 months. Zinc demand is still lagging but it is expected to pick up soon. The major

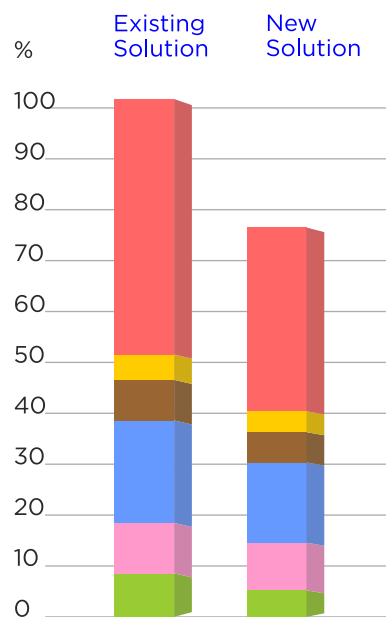
sectors contributing to this demand includes Automobile and Steel industry. Further impetus was rendered with new projects announced by Govt. of India like Make in India, Smart cities, indigenous space programs etc. As a result, overall demand is picking up gradually despite some sluggishness. More importantly, sudden spike in LME base metal prices forced some buyers to hold their purchase order to the some extent.

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## Face to Face

### **Has the metals industry completely come out of the post-covid pandemic shadow ?**

The general belief is that the worst of COVID is perhaps behind us. While some metal consuming sectors are still picking up among others and are posting a sharp recovery. The path to recovery in 2021 will be a gradual and it will



continue in the year aheads which are mostly relying on stimulus measures announced by Government of India . We expect the transmission and structure business to pick-up going forward, which has been sluggish for the past 18 months giving further impetus to Aluminium and Zinc. There has been a sharp rise in global demand for non-ferrous metals and it has been rewarded to India as its exports also increased remarkably in the past 3 months. There was a 16% rise in exports of non-

ferrous metals in Jan'21 over the preceding month of the last year.

### **What would be the impact of union budget 2021 on the metal sector ?**

The Union Budget has announced the National Infrastructure Pipeline that will provide stimulus for metal consumption and it will enhance the demand in

the country, which is a very positive development. Also, the implementation of Vehicle Scrappage Policy will ensure sufficient availability of scrap in the country which will lead to reducing India's dependence on imports. However, the reduction in import duties for various metallic scrap like copper and steel will encourage the msg scrap imports into the country. In the absence of BIS standards or ISRI standard for quality checks. Else, it may impose a threat of increasing the sub-standard scrap into the

country, that may find its usage into critical applications thus compromising quality of products manufactured in India.

### **How do you see the future of metal sector in the country ?**

Metals being the key raw material in infrastructure projects, with government's focus on infrastructure projects like Sagarmala project(Modernization of sea-port), Bharatmala project(Improvement in transportation network), Improvement in Rail network will result in significant demand for metals in the near future. Per capita consumption of Aluminium & Zinc is 2.7 Kg & 0.5 kg against the world average of 11 kg & 2 kg respectively. I am sure that with India's vision to become a a msg msg a \$5 trillion economy, we are on the path of increasing the demand for all metals.

### **What are the demands / expectations of the metal industry from the policy makers ?**

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## Face to Face

domestically produced metals for all government projects in the country is a big ask. Safeguarding measures to restrict non-

will be another crucial ask. Further, infusion of liquidity is a clear expectation from policy makers. While lot of steps have been taken and

Aluminium & Power across India and other countries. Our metals find applications in critical sectors such as aerospace, space



essential metal imports is another one. Improving the competitiveness of the domestic metal sector by reducing duty on critical raw materials such as coking coal for steel, PET coke, caustic soda, alumina for aluminium and copper concentrate for copper etc is required. Rationalising power cost by reducing coal cess will be another welcome measure to support highly power intensive industries like aluminium. Reduction of railway freight for raw materials and bulk minerals like coal, bauxite and iron ore

dues are getting released at a good pace, major liquidity easing SOPS will help. Policies and measures boosting demand are absolutely required. While lot of new projects have been announced further, execution of the same and building the next pipeline will be a big support.

### **How is Vedanta planning to participate in the growing Indian Economy?**

Vedanta Limited is one of the world's leading Oil & Gas and Metals companies with significant operations in Oil & Gas, Zinc, Lead, Silver, Copper, Iron Ore, Steel, and

exploration, building & construction, automotive, defence, electrical distribution, packaging etc. We produce 78% of India's zinc, over 50% of India's aluminium, 25% of crude oil and are amongst the largest power producers in the country. Suffice to say, we are partnering India's vision to be an Atma Nirbhar Bharat and aspiration to be a global manufacturing destination.







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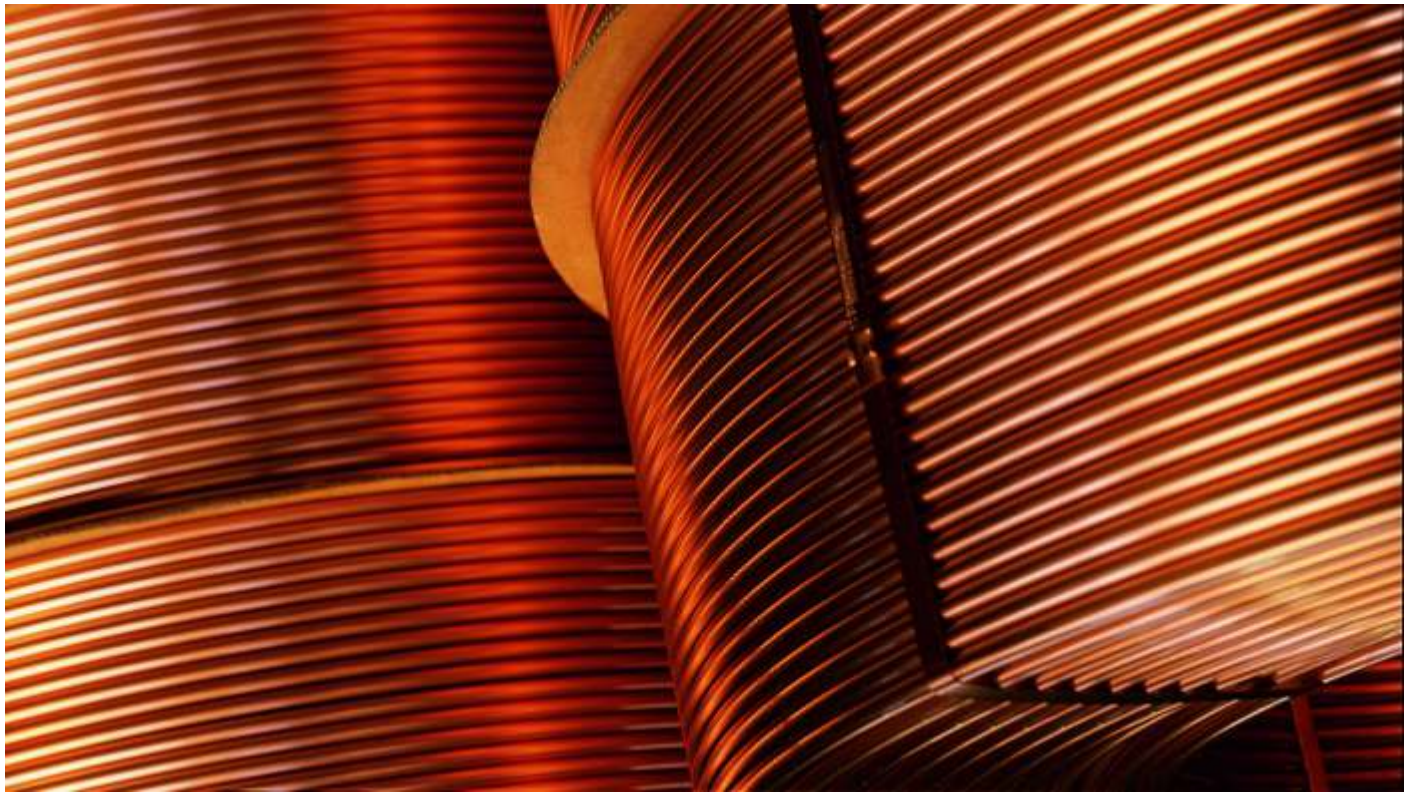
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## Feature



# Copper price surges above to \$9,000; rising demand spurs the rally

Copper rose above \$9,000 a metric ton for the first time in nine years, taking another step closer to an all-time high set in 2011 as investors bet that supply tightness with continuous rise in demand.

Copper is surging amid a broad rally in commodities from iron ore to nickel, while oil has gained more than 20% this year. The bellwether industrial metal has doubled since a nadir in March, boosted by rapidly tightening physical markets, prospects for rebounding economic growth and the expectation that a years-long era of low inflation in

key economies may be ending.

Investors are also piling in copper on a bet that demand will surge in the coming years as governments unleash unprecedented stimulus programs targeting renewable energy and electric-vehicle infrastructure, which will require huge volumes of the raw material.

Global stringent targets for cutting carbon emissions cannot be met without electric vehicles and renewable energy from wind and solar farms, which need copper favored in applications that conduct

### Metalworld Research Team

electricity. Copper has a superior electrical and thermal conductivity which is highly durable, and it can be 100% recycled, without any loss in performance. Copper's combination of high heat conductivity, resistance to atmospheric and aqueous corrosion, ease of fabrication, sealability (joining by soldering), mechanical strength and longevity offer strong advantages over any other material in solar power heating applications.

Similarly, copper usage in wind energy technologies are increasing in the form of coil windings in the stator



and rotor portions of the generator, in the high-voltage power cable conductors, transformer coils and earthing.

As per the CRU analyst Charlie Durant expects total copper demand from the electric vehicle sector to rise to nearly 1.5 million tonnes in 2025 and to 3.3 million tonnes by 2030 from under 500,000 tonnes this year.

"Electric vehicle demand for copper will account for 10% of total demand in 2030. The renewable energy sector could see copper demand rise from around 650,000 tonnes in 2020 to over 1.3 million tonnes in 2030," Durant said.

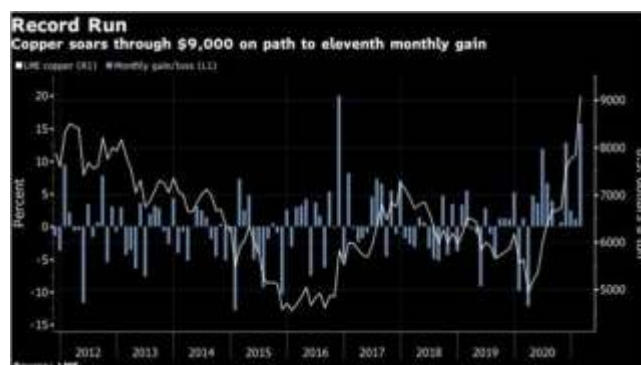
Expectations are for global copper demand to rise to more than 26 million tonnes in 2025 from around 23 million tonnes this year, and much of that growth will come from renewable energy and electric vehicles. In China, the world's biggest auto market, the goal is for electric vehicles to make up 50% of all new car sales by 2035.

On an average battery electric vehicle (BEV) contains about 83 kg of copper and a plug-in hybrid electric vehicle (PHEV) contains about 60 kg compared with an average 23 kg in an internal combustion engine car.

Recently the European Union also set the binding

targets for one million public charging points for electric vehicles by 2024, and three million by 2029, to give consumers the confidence to switch to the new technology.

A lot of the most bullish developments are really going to play out in the next few months, and therefore we think it's going to be sooner rather than later that it gets to \$10,000.



One leading supplier is considering cutting output, in a potential blow to buyers. Surging prices are a boost for miners, driving up stock prices and raising the prospect of more blockbuster returns to shareholders. Jiangxi Copper Co., China's top producer, gained as much as 20% in Hong Kong to the highest level since 2012, while U.S. producer Freeport-McMoRan Inc. closed at the highest since 2014 on Friday. While copper prices traded in the domestic market also surged in line with LME and hits its fresh lifetime high on MCX of Rs 717.20 per kg on

February 22. On LME, copper jumped to cross the \$9,000 a tonne level for the first time since September 2011, extending a rally that has been driven mainly on the expectation of a pick-up in demand after the Chinese New Year. It is now just 10 percent short of lifetime highs touched in February 2011.

In a joint letter with consumer and sustainable transport groups, the European Automobile Manufacturers' Association (ACEA) told Brussels that firm targets would also help car makers and power grid operators plan ahead. "The EU Commission quickly needs to take action and set



binding targets for the ramp-up of charging infrastructure in the member states," said ACEA president Oliver Zipse, who is also chief executive of German car maker BMW. "Otherwise, even the current reduction targets in fighting climate change are at risk," he said.





## Govt to come out with policy on advanced battery tech: Gadkari



The government will adopt an integrated approach and come out with a policy to make India self-reliant in the area of advanced battery technologies to power electric vehicles and other applications, Hon'ble Nitin Gadkari, Union Minister for Road Transport, Highways and MSMEs, said recently.

Pitching for an integrated approach for developing indigenous fuel cells in the field of electric vehicles, he said India today stands at the cusp of becoming the world leader in this field as well as automobile manufacturing.

He made the remarks after chairing a high-powered meeting focussed on research and development in the area of alternative fuel was held recently.

Central government's Principal Scientific Advisor K Vijay Raghavan, Aayog CEO Amitabh Kant, Highways Secretary Girdhar Aramane and senior representatives from DRDO, ISRO, CSIR and IITs besides Minister of State for Road Transport and Highways VK Singh participated in the meeting.

"So far work is happening in silos in the area of alternative fuel. We will now work in an integrated and concerted manner bringing together the best technologies. We will also focus on economic viability...We need a policy in this regard and for it we have decided to take an integrated approach," Gadkari told.

He said scientists, academia and industry can together harness green hydrogen-based energy through water, for it being a cost effective and easily available mode in the country. He indicated towards the lowering costs of solar power in India, which can help energise other modes of fuels.

"Vast scope is there in the area of Lithium-ion battery too despite countries like China dominating in the sector. About 81 per cent of Lithium-ion battery components are

available locally and India stands a very good chance for value addition at lower costs.

"Our mining entities could look for acquiring component assets globally and grab the opportunity as China has occupied 51 per cent but still 49 per cent scope is there," Gadkari said.

Stressing the need for advanced and concerted planning the minister said this is one area where there is good scope for becoming the world leader as the automobile sector which has a turnover of Rs 4.5 lakh crore is set to take it to Rs 10 lakh crore in future.

After going through the presentations from different organisations on different technologies including Lithium-ion, metal-ion, Sodium Sulphur, Hydrogen, Iron Sulphur, Polymer Electrolyte Membrane Cell System, ZincGel, etc, Gadkari said, economic viability is the basis of any successful technology.

The minister suggested taking ahead the suggestions put forth in the meeting by integrating industry experience in the field. He assured the participants of his complete commitment in adopting best technologies.

He also urged various stakeholders including NITI Aayog, Indian Space Research Organisation (ISRO), Defense Research and Development Organisation (DRDO), CSIR, Ministries of Science and Technology, Heavy Industries, Commerce, Road Transport and Highways, IITs and private institutions to join hands in this regard.

DRDO in its presentation showed how technology transfer has resulted in manufacturing of 400 batteries of 120 MW by some institutes and added that mass production could reduce its prices.

NITI Aayog said it has collaborated with four IITs including Guwahati and Delhi for research in aluminum-ion battery. Its CEO Amitabh Kant stressed that India should concentrate on lithium-ion alternative batteries and mining sector companies should explore opportunities abroad for acquiring assets in this regard.

Gadkari said next generation batteries will not only minimize vehicular pollution in India but make India a global supplier of EVs and added that two-wheeler makers like Bajaj, Hero Honda and TVS are already exporting 50 per cent of their production. He said he would be launching a tractor on alternative fuel on Friday.

Alternative fuel promotion will result in economic growth and would bolster India's development, Gadkari said.





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### PLI Scheme to spur manufacturing and growth in automotive sector

The PLI-related guidelines for the automobile industry will be finalised by the Ministry of Heavy Industries. The scheme will have an incentive in the form of cash subsidy as a percentage of incremental sales from the base year, which will be either 2019-20 or 2020-21.

The much-needed Production Linked Incentive (PLI) scheme for sectors including, automobiles, white goods, pharma, textile, telecom and networking products, high-efficiency solar PV modules, speciality steel, ACs and LEDs is a welcome step as it will strengthen the entire manufacturing ecosystem and support the vision of making India a USD5 trillion economy by 2025.

The PLI scheme, announced in November 2020, is 'better late than never' given the need to grow the economy and take it out from the unprecedented recession by putting thrust on domestic manufacturing, and on the Centre's Atmanirbhar initiative.

The scheme's capital outlay is impressive. The total PLI is worth INR 1.45 lakh crore. Of this, automobiles and auto components have a major share of INR 57,042 crore, followed by battery manufacturing at INR 18,100 crore to create a cleaner planet and help the country meet its commitment on climate change as signed in the Paris Agreement on November 4, 2016.

PLI scheme has been operational for mobile phone manufacturing, active pharmaceutical ingredients and medical devices with an outlay of INR 51,000 crore. The starting incentive rate for mobile phones is 6%, going down

to 4% in the fifth and final year. It's well-known that thanks to such incentives, India is now established as one of the biggest manufacturing hubs for mobile technology.

The Ministry of Heavy Industries will finalise the PLI-related guidelines for the automobile industry. The scheme will have an incentive in the form of cash subsidy as a percentage of incremental sales from the base year, which will be either 2019-20 or 2020-21.

There may be some minimum investment criteria and export turnover for corporates to be eligible. Also, the broad nature of incentives is in the form of cashbacks varying from 2% to 14%, depending on the entity's incremental sales and investments during the scheme period.

As per the FY19 statistics, the automotive components industry contributed approximately 2.3% to the country's GDP and employed over five million people. In the same year, the industry exported about USD 15 billion worth of auto components. In totality, we are currently performing satisfactorily, but there is substantial room for growth.

Thus, the PIL scheme is born out of the necessity to make a strategic change to support companies to achieve scale, competitiveness, and market access and management capabilities to be global champions. This will further help the domestic players to garner more market share in India and globally as the world is looking at alternative sourcing away from China

### Vedanta launches aluminium cylinder head alloy for automotive industry

Vedanta Limited, Indian producer of metals and oil and gas, has recently launched aluminium cylinder head alloy, a critical raw material for manufacturing cylinder heads and other automotive components. This is the company's latest value-added offering in its aluminium product line, which caters to various raw material requirements of the automotive industry, the company said in a release.

According to the company, the cylinder head alloy leverages material design to help automakers increase efficiency of internal combustion engines for improved performance on emission control, in line with BS-VI and CAFE (Corporate Average Fuel Efficiency/Economy) norms. Currently, this alloy is being imported.

Vedanta has invested in creating this cylinder head alloy

capacity of 10,000 tonnes using world class technologies of Befesa (Spain) and Properzi (Italy). This initiative is in alignment with the government's thrust on self-reliance to cater to the domestic requirement of automotive companies and original equipment manufacturers to rely on indigenously procured material, the company said. Localisation of the domestic raw material supply chain will surely help the Indian automotive industry.

"As India's leading producer of a vast array of globally acclaimed metals and value-added products, Vedanta aims to partner with various industry sectors, especially automotive and auto ancillary industry, across their entire value chain, from large players to MSMEs, for the

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nation's growth," Ajay Kapur, CEO, aluminium & power, and managing director—commercial, Vedanta Limited, said.

According to Ruchika Jha, CEO, HZL Silver Business, and chief marketing officer, Vedanta Limited, Vedanta is a natural partner for the automotive industry, well-resourced to create long-term value for automotive component manufacturers.

"With state-of-the-art infrastructure, engineering prowess, global technology partnerships and R&D capability to develop product solutions perfectly tailored for downstream industries, Vedanta is keen to partner with the Indian automotive and auto-ancillary players and together with them, build the future of mobility," she added

### **Policy recognition of downstream aluminium segment will be a win-win for economy**



In an exclusive interview, Pragun Jindal Khaitan talks about the major issues being faced by the downstream aluminium producers, measures to support them, and shares his business outlook.

*If China can manufacture 50% of the world's aluminium, why is India only stuck at less than 5%, asks Pragun Jindal Khaitan, Vice Chairman and Managing Director, Jindal Aluminium Ltd. Talking about the measures to support the downstream aluminium industry, he says, "the government should immediately look at measures like increasing the import duty differential between downstream aluminium and primary aluminium to incentivize downstream manufacturing."*

The growing dumping of aluminium downstream products in the domestic market from China, Indonesia, Malaysia and

other countries has undesirably impacted the domestic operation of these products. Our (India's) import duty levied on downstream aluminium products is 7.5 per cent, against 20 to 30 per cent in Southeast Asian nations which are also having free trade agreements (FTAs) with India. Chinese manufacturers, with the aid of a 13% export incentive (available in their country), are dumping downstream products in India at a throwaway price. It challenges the local MSME downstream manufacturers who find it difficult to safeguard themselves from the onslaught of this foreign aluminium dumping. It is important to note that this is not the case with primary aluminium, which sees little dumping from China. China has an export duty in place for its primary aluminium, to incentivize value addition to the aluminium in their country.

There is a need for the government to strategize different aluminium policies for primary aluminium and downstream aluminium. They are essentially two different industries, and the government needs to bifurcate the two to ensure long-term sustainability in both. The government needs to develop policies (not only financial incentives) that can create long-term competitive advantages for the downstream aluminium industry. If China can manufacture 50% of the world's aluminium, why is India only stuck at less than 5%? The government should immediately look at measures like increasing the import duty differential between downstream aluminium and primary aluminium to incentivize downstream manufacturing.

Hindalco Net profit jumps 77% in Q3 to Rs 1,877 crore Hindalco Industries Ltd reported a 77% year-on-year jump in consolidated net profit for the December quarter at Rs 1,877 crore as against a net profit of Rs 1,062 crore during the same quarter last year, mainly on account better volumes from India operations and record-high shipments from Novelis.

Novelis achieved record shipments, driven by strong demand across product end markets. The India Business delivered an excellent performance with Aluminium value-added products

The company's consolidated liquidity position is at \$2.4 billion with cash and cash equivalents of \$1.16 billion in Novelis and Hindalco India Business cash and cash equivalents at ₹9,560 crore at the end of December 31, 2020.

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The company has decided to allocate around 50% of the cash generated to growth Capex, around 30% towards debt reduction, 8-10% towards shareholder returns and the rest to be retained in treasury. "Allocation towards Growth Capex is considered at US\$ 2.5-3.0 billion over the next 5 years. It will be ensured that all new investments are in line with the strategic intent of the Company and the return on such investments is well above the cost of capital," the company said in its investor

### **Vedanta Resources raised \$1.2 billion via bond**

Vedanta Resources has raised \$1.2 billion in a bond offering that saw strong investor interest. The 8.95% bonds due for March 2025 "will be guaranteed by the company and two wholly-owned indirect subsidiaries of the company, namely Twin Star Holding Ltd and Welter Trading Limited," it said in a statement.

Vedanta said it will use the proceeds of the bonds for the acquisition of equity shares of the Indian subsidiary as well as servicing existing debt.

The company is looking to buy as many as 37.17 crore or 10% of its India unit, at Rs.160 per share. At that price, the total consideration of the deal would be about Rs.5,948 crore (\$814 million). Vedanta Resources Finance II Plc, a subsidiary of London-based Vedanta Resources, had gone to the market for raising \$1 billion. It got \$2.6 billion in offers from about 150 accounts, representing the largest oversubscription on a recent US dollar bond offering by the company, banking sources said. The trade was well-received across geographies with APAC (Asia-Pacific), EMEA (Europe, Middle-East and Africa) and North America constituting 49%, 30%, and 21% of the final allocation, respectively. The strong interest from investors also helped the company upsize the transaction to \$1.2 billion from an initial indication of \$1

### **Metso Outotec to deliver two flash-evaporation plants to Nalco Alumina Refinery**

MetsoHYPERLINK "<http://www.mo-group.com/>" HYPERLINK "<http://www.mo-group.com/>" Outotec Corp. (Helsinki, Finland) has been awarded a contract for the engineering and delivery two 170 ton/h Bayer process flash evaporation plants to National Aluminium Company's (NALCO) Damanjodi Alumina Refinery in Odisha, India. The value of the order is approximately EUR 13 million, and it has

been booked in the Metals segment's orders received in Q1 / 2021.

"We are excited for NALCO having chosen us as the supplier for the two energy-efficient flash evaporation plants complementing our market position in the Bauxite and Alumina sector," highlights Dr. Alessio Scarsella, Director, Light Metals at Metso Outotec. "Previously, we have delivered three process lines for NALCO's calcination and hydrate filtration plants, the first of which has been in operation since 1987. Additionally, in March 2020, we received an order for two alumina calciners and one hydrate filtration plant, increasing NALCO's annual alumina production to approximately one million tonnes. The now ordered evaporation plants will help Nalco meet its production target."

The Alumina business remains in Metso Outotec's portfolio and is not part of the earlier announced



divested Aluminum business.

Hindustan Zinc signs underground battery electric equipment introduction MOU with Epiroc

A pioneer in adopting innovative solutions and smart technologies for responsible mining, India's Hindustan Zinc says it has set a new benchmark as the company leads the way for introduction of Battery Electric Vehicles (BEVs) in underground mining. Taking a step closer to achieving carbon neutrality, HZL has signed a Memorandum of Understanding with Epiroc for 'Zero Emission and Sustainable Mining by introduction of Battery Electric Vehicles (BEV) in underground mining.' HZL's underground mines are in Rajasthan & include Rampura Agucha, Rajpura Dariba, Sindesar Khurd, Zawar





## Indian News

and Kayad.

This will help HZL to explore the possibility of introducing battery operated vehicles in underground mines which will help reduce carbon emissions, enabling the mine operations to become more environment friendly. "Industrial activities around the globe are fast moving towards building sustainable partnerships that bring efficiency and expertise to business. It's imperative for any partnership to share same values to be successful, and both Hindustan Zinc as well as Epiroc India share the values of safety, sustainability, innovation and technology in running operations."

Commenting on the MoU, Arun Misra, CEO, Hindustan Zinc said: "At Hindustan Zinc, we are committed to Smart, Safe and Sustainable operations and we believe that as a leader it is incumbent on us to be catalysts for transformation towards adopting sustainability driven business solutions. This partnership with Epiroc fortifies our commitment to green and responsible mining and takes us further in the right direction to achieve carbon neutrality, in line with our emission reduction Sustainability Development Goal for 2025."

Jerry Andersson, Managing Director, Epiroc India added: "A safer and cleaner mining starts only if someone takes the first step. Epiroc has always been a leader in mining technologies. We showcase the BEV in underground mining with the broadest offerings and a mission to deliver the world's greenest machines. Our memorandum with Hindustan Zinc is a step on our mutual journey for a safer and more sustainable mining operation to come."

The future is electric, and technologies such as these will be at the forefront of smart operations. This partnership will in future allow a fleet of highly efficient electric powered equipment that at one end will reduce carbon emission by replacing diesel-fuelled equipment and on the other hand will increase productivity with its evolved design.

"Sustainability across operations is part of the core business philosophy at Hindustan Zinc. As a COP26 business leader, the company has been consistently working towards achieving science-based targets (SBT) to curb carbon footprint. It is part of the prestigious CDP 'A List' for all its initiatives towards tackling climate change and is also ranked 1<sup>st</sup> in Asia Pacific & 7<sup>th</sup> Globally by The Dow Jones Sustainability Index 2020."

## Vedanta Hospital, Lanjigarh, becomes first private hospital for COVID-19 Vaccination Drive

The Vedanta Hospital, run by Vedanta Limited, Lanjigarh, the premier producer of metallurgical grade alumina in India, becomes the first Private COVID Vaccination Centre (PCVC) in Kalahandi. The vaccination program for the locals was launched on 1st March 2021 by Mr. Rakesh Mohan, Director- Technocal of Vedanta Limited, Lanjigarh, in the presence of district healthcare officials

and Vedanta's leadership team.

Vedanta Hospital, which is empanelled under Biju Swasthya Kalyan Yojana from Kalahandi district since 2019, was selected for this drive after thorough inspection of the infrastructure and other medical facilities required for the vaccination program, as per the



guidelines of the Health and Family Welfare Department, Government of Odisha. The selected vaccination officers and other medical support staff of the hospital also underwent training by the government healthcare team comprising Dr Chandrakanti Acharya, Additional District Public Health Officer( Family Welfare), Mr. Satyabrata Sahoo, District Vaccination Logistics Manager and Mr. Soumya Ranjan Nayak, Data Entry Operator-Integrated Disease Surveillance Project. 10 people were administered with the vaccine on the inaugural day. Speaking about the vaccination drive, Mr. Rakesh Mohan, Director-Technical, Vedanta Limited, Lanjigarh unit said, "Vedanta Lanjigarh has always been at the forefront of ensuring the health and wellbeing of its employees as well as the community. The company has significantly aided in the fight against COVID-19, through augmentation of healthcare facilities and rolling out many welfare measures within and beyond the plant, in association with district administration. It is a privilege to be a part of 'Mission-Vaccinate India', with Vedanta Hospital's empanelment as the only private hospital in Kalahandi district for COVID-19 Vaccination. We shall lend all support to the government healthcare personnel to make this vaccination drive a success."



## Copper nears 10-year high as Fed suggests continuing supportive steps

Copper prices in Shanghai soared to near a 10-year high on 27<sup>th</sup> February 2021, while other base metals also gained, as the U.S. Federal Reserve signalled continued supportive measures to the world's largest economy.

The most-traded April copper contract on the Shanghai Futures Exchange rose as much as 4.4% to 70,670 yuan (\$10,947.59) a tonne, a level unseen since March 2011.

Three-month copper on the London Metal Exchange hit its highest since August 2011 of \$9,617 a tonne, only 5.6% below its record high level of \$10,190 a tonne hit in February 2011.

Aluminium also climbed, with Shanghai prices jumping as much as 6% to a 9-1/2-year high of 17,635 yuan a tonne, while the LME contract was trading up 2.1% to \$2,229.50 a tonne at 0257 GMT.

Fed's chair Jerome Powell told lawmakers on Wednesday it may take more than three years to reach the central bank's inflation goals, a sign the central bank plans to leave interest rates unchanged for a long time to come, against market expectations that it would tighten monetary policy sooner than expected.

## U.S. manufacturing production rises solidly despite semiconductor shortage

Output at U.S. factories increased more than expected in January even as a shortage of semiconductors weighed on the production of motor vehicles, pointing to resilience in the manufacturing sector recovery.

Manufacturing production rose 1.0% last month after gaining 0.9% in December, the Federal Reserve said recently. That was the ninth straight monthly advance in factory production.

Economists polled by Reuters had forecast manufacturing output increasing 0.7% in January. Manufacturing, which accounts for 11.9% of the U.S. economy, has powered ahead as the pandemic left Americans grounded at home, shifting demand to household goods from services like airline travel and hotel accommodation.

Manufacturing momentum could slow in the spring as the distribution of vaccines reaches large swathes of the population, helping to slow the spread of the virus. That could unleash pent-up demand for travel.

Still, production at factories will be supported by low customer inventories, as well as lean stocks at manufacturers. A survey this month showed a dip in

manufacturing sentiment in January.

The Fed report showed motor vehicles and parts output declined 0.7% in January. Production at auto plants has been hampered by a shortage of semiconductors. Motor vehicle production slipped 0.2% in December. Excluding autos, manufacturing output increased by 1.0%.

The strength in manufacturing output combined with 2.3% jump in mining to lift industrial production by 0.9% in January. That followed a 1.3% surge in December. Industrial production remains below its pre-pandemic level utilities output fell 1.2%.

Capacity utilization for the manufacturing sector, a measure of how fully firms are using their resources, rose 0.7 percentage point to 74.6% in January. Overall capacity use for the industrial sector increased 0.7 percentage points to 75.6%. It is 4.0 percentage points below its 1972-2019 average.

Officials at the Fed tend to look at capacity use measures for signals of how much "slack" remains in the economy - how far growth has room to run before it becomes inflationary.

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# Union Budget 2021 - What's in store for the Metal Industry

**L. Pugazhenthly, Past President, The Indian Institute of Metals  
& Executive Director, India Lead Zinc Development Assn. (ILZDA)**



The Union Budget 2021 focused this year, rightly more, on Health & Agriculture, considering the unexpected outbreak of COVID-19 and the ongoing farmers protest.

At the same time if you see the fine print, many infrastructural projects have also been announced; National

Infrastructure Pipeline (NIP) with

7400 projects, 217 projects worth Rs.1.15 lakh crores completed and Development Financial Institution (DFI) worth Rs.20,000 crores proposed. Dedicated Freight Corridor (DFC) assets to be monetized.

Both NHAI and PGCIL have sponsored InvIT to attract international and domestic investors. More than 13000 kms of roads costing Rs.3.3 lakh crores were awarded, under Bharatmala Pariyojana, of which 3800 kms were completed.

By March 2022 another 8000 kms would be awarded and complete an additional 11000 kms of National Highway Corridors. Railway Electrification expected to reach 46000

Route Kilometers (RKM) i.e 72% by end 2021. 100% broad gauge railway electrification expected by Dec 2023.

More than 700 kms of metro operational now; another 1016 kms of metro under construction in 27 cities. Past 6 years, added 139 Giga watts of installed power capacity, added 1.41 lakh circuit km of transmission lines. Seven projects in major ports worth more than Rs.2000 crores will be offered for Public Private Partnership (PPP) in FY 21-22.

Ujwala scheme, to be extended to cover one crore more beneficiaries. Jal Jeevan Mission ensures water supply in 4378 urban local bodies with 2.86 crore household tap connections with an outlay of Rs.287000 crores. Target for Renewable Energy is 450 GW by 2030, with international and domestic investments. New Infrastructure Debt Funds to raise funds by issuing tax efficient zero coupon bonds.

All the above infrastructural announcements indeed auger well for both steel as well as non ferrous metals sectors. Let us hope the promised funds trickle down, for realizing these ambitious projects.

## Anil Agarwal

**Executive Chairman, Vedanta Group**

"I compliment Hon'ble FM Sitharaman on presenting a digital Budget which has addressed every sector of the Indian Economy. The steps taken by the Finance Minister will improve productivity in infrastructure, result in housing for the poor, help produce cheaper electricity, stimulate the growth of MSMEs and start-ups and create massive jobs. There is a big thrust on disinvestment as the government has set a target to raise Rs 1.75 lakh crore through stake sale in public sector companies in FY22. India is the investment destination for the world and this Budget will help in attracting more investors. Truly, an unparalleled budget."



## Sunil Duggal

**Group CEO and Chief Safety Officer, Vedanta**



"The Union Budget 2021 lays the foundation for a strong economic revival with an aim to achieve progressive growth. With a well-defined focus on key areas such as Health & Medication, Infrastructure, Banking & finance along with a vision of Atmanirbharta, our honourable FM has given us a decisive budget that will help steer the economy towards

the targeted \$5 trillion.

Provisions made for capital investments and capital expenditure are commendable steps and could not come at a better time as we look ahead to the post Covid era. A focus on strategic divestment will go a long way in improving efficiency, bringing down fiscal deficit and freeing substantial government resources".



# Reduction of Import duty on copper scrap from 5% to 2.5% to boost the recycling copper Industry



Reduction of import duty on copper scrap from 5% to 2.5% announced in Union Budget 2021-22 will boost the copper recycling industry in India. This will have social, environmental and economic benefits and also has employment generation potential.

Recycling of metal improves the resource efficiency as there is no loss of property. It is economically viable, energy efficient and environment friendly. Metal produced today is scrap for tomorrow and thus again becomes a resource. Reduction in import duty on copper scrap will promote recycling in the country as the basic raw materials will become economical. Economic benefits: By utilizing copper scrap, domestic companies can improve competitiveness and profitability. Recycling based innovations can also give industries an edge in the export market. New industries can be created in the recycling sector with focus on innovative design and manufacturing from recycled material. Reduced import dependence for critical minerals will help to improve country's trade balance and promote economic stability.

Social benefits: India's mineral rich areas are under dense forests and inhabited by indigenous communities. Extraction of minerals affects local communities. Recycling would put fewer burdens on the need of extraction of minerals thereby offsetting some of the risks arising out of social conflicts.

Environmental benefits: Extraction activities often result in ecological degradation. Reduced extraction pressures due to adoption of recycling will help to contain ecological degradation and pollution associated with mining.

Employment Generation Potential: Recycling and

adoption of related innovative methods may altogether give rise to the need of setting up of new industries that can contribute significantly to employment generation.

Innovation in recycling process and manufacturing has the potential to create highly skilled jobs benefitting domestic industries and developing potential for export market. This may further prompt global companies to locate efficient design and/or manufacturing units here leading to increased skilled / unskilled labour demand.

## Vijay S Beriwal, Hon. President, The Institute of Indian Foundrymen

It is a very encouraging budget which has concrete plans for intelligent disinvestments target and proposed progressive infrastructural expenditure budget would address the post-covid unprecedented economic crisis which will ensure real-time growth. It's simply futuristic and pragmatic budget.

The proposed roadmap for growth in Highways, Ports, Airports, and Railways will give a boost to the Iron & Steel industry. National logistic

Policy and Free Trade Agreements will prove as a milestone towards the Atmanirbhar Bharat mission.

Reduction in Customs Duty on certain Steel items such as Flats, Long Products, Stainless Steel and exempting duty on Steel Scrap will surely give relief to the Steel Industry particularly MSMEs.





## Statistics

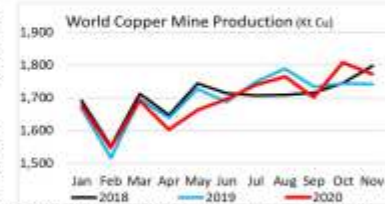


### Copper: Preliminary Data for November 2020

The International Copper Study Group (ICSG) released preliminary data for November 2020 world copper supply and demand in its February 2021 Copper Bulletin. The Bulletin and ICSG online statistical database provide data, on a country basis, for copper mine, smelter, refined and semis production, copper refined usage, trade, stocks and prices. The bulletin is available for sale (annual subscription €550/€850 for orders originating from/outside institutions based in ICSG member countries).

**Preliminary data indicates that world copper mine production fell by around 0.2% in the first eleven months of 2020, with concentrate production increasing by 0.4% and solvent extraction-electrowinning (SX-EW) declining by about 2.2%:**

- World mine production declined by 3.5% in April-May (y-o-y) as these two months were the most affected by the COVID-19 related global lockdown that resulted in temporary mine shutdowns/reduced production levels. However, world mine production started to recover in June as lockdown measures eased and the copper industry adapted to the stricter health protocols.
- In Peru, stoppages resulting from the COVID-19 pandemic combined with operational issues/adverse weather that affected a few major mines, resulted in a 13.5% decline in mine output over the first eleven months of 2020 including a significant decline of 38% in April-May compared to the same period of 2019. However, as the Peruvian mining industry started to recover the extent of the reduction narrowed with October and November output being the highest of the year.
- COVID-19 related constraints and other operational issues resulted in declines in production in other major copper mine producing countries, most notably Australia, Mexico and the United States.
- In Chile, the world's biggest copper mine producing country, output was up by 2.5% in 1<sup>st</sup> half of 2020, recovering from production constraints in early 2019 (output had declined by 2.5% in 1<sup>st</sup> half 2019). However, with a 2.9% decline over July-November 2020 compared to the same period of 2019, accumulated output in the first 11 months of 2020 remained essentially unchanged.
- Production in the Democratic Republic of Congo (DRC) and Panama increased significantly mainly due to the ramp-up of new mines or expansions. In Indonesia, production grew by 36% as output levels improved following the transition of the country's major two copper mines to different ore zones in 2019.



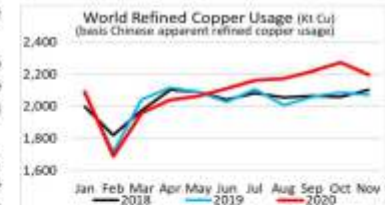
**Preliminary data indicates that world refined copper production increased by 1.8% during the first eleven months of 2020 with primary production (electrolytic and electrowinning) up by 2.9% and secondary production (from scrap) down by 3.1%.**

- Chilean electrolytic refined output increased by 28% as in the comparative period of 2019 production was negatively affected by temporary smelter shutdowns as a result of upgrades to comply with new environmental regulations. After including a 7% decline in electrowinning production, total Chilean refined copper production (electrolytic and electrowinning) increased by 3.5%.
- Chinese refined production growth was negatively impacted by temporary shutdowns related to COVID-19 restrictions, tight scrap supply and constraints associated with concentrate imports and oversupply in the sulphuric acid market.
- In Africa, refined production was up 5% in the DRC, due to the ramp-up of new or expanded SX-EW plants and by 32% in Zambia, where output has been recovering from smelters' operational issues and temporary shutdowns in 2019.
- Indian refined output decreased by 19% primarily as a consequence of the temporary suspension of Birla Copper's operations in March-May following a nationwide lockdown due to COVID-19. In the United States, temporary shutdowns and a long strike at Asarco's operations led to a 12% decline in refined output. Japanese refined production rose by 6% mainly as a consequence of a recovery from a number of maintenance shutdowns over the same period of 2019.
- Globally, constrained scrap supply due to the COVID-19 related lockdown and lower copper prices during the first half of the year have negatively impacted world secondary refined production.



**Preliminary data indicates that world apparent refined copper usage increased by 2.5% over the first eleven months of 2020:**

- The COVID-19 related global lockdown has had a notable negative impact on the world economy and subsequently on key copper end-use sectors in all regions.
- World ex-China refined copper usage was significantly impacted and is estimated to have declined by about 10%. Among the biggest copper using regions, refined usage fell by 15.5% in Japan, 12% in the EU, 5% in the United States and by about 11% in Asia (Ex-China).
- However, due to a 43% (1.25 million tonnes) increase in net refined copper imports, Chinese apparent usage increased by 14% offsetting usage declines in other regions of the world. Real Chinese industrial usage was negatively impacted by the COVID-19 related production suspensions at semis fabricators early in the year and weaker external demand and should present lower growth than apparent usage.



**Preliminary world refined copper balance in the first eleven months of 2020 indicates an apparent deficit of about 590,000 t due to a strong Chinese apparent usage:**

- In developing its global market balance, ICSG uses an apparent demand calculation for China that does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer, merchant/trader, bonded]. To facilitate global market analysis, however, an additional line item - Refined World Balance Adjusted for Chinese Bonded Stock Changes - is included in the attached table that adjusts the world refined copper balance based on an average estimate of changes in bonded inventories provided by two consultants with expertise in China's copper market.
- Over the first eleven months of 2020, the world refined copper balance, based on Chinese apparent usage (excluding changes in bonded stocks), indicated a deficit of about 590,000 t. The world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market deficit of about 475,000 t.

(Copper Prices and Stocks and World Refined Copper Usage and Supply Trends table on next page)





## Statistics

### Copper Prices and Stocks:

- Based on the average of estimates provided by two independent consultants, China's bonded stocks are thought to have increased by about 115,000 t over the first eleven months of 2020 compared to the year-end 2019 level.
- As of the end of January 2021, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 207,597 t, a decline of 43,578 t (-17%) from stocks held at the end of December 2020. Stocks were down at the LME (-30%), at COMEX (-5%) and at SHFE (-11%).
- The average LME cash price for January was US\$ 7,970.50 /t, up 9.8% from the December 2020 average of US\$ 7,755.24 /t. The 2021 high and low copper prices through the end of January were US\$ 8,146 /t (on 8<sup>th</sup> Jan) and US\$ 7,778.50 /t (on 28<sup>th</sup> Jan), respectively, and the year average was US\$ 7,970.50 /t (29% above the 2020 annual average).

Please visit the ICSG website [www.icsg.org](http://www.icsg.org) for further copper market related information.

### World Refined Copper Usage and Supply Trends

Thousand metric tonnes, copper

	2017	2018	2019	2019	2020	2020			
				Jan-Nov		Aug	Sep	Oct	Nov
World Mine Production	20,058	20,565	20,528	18,691	18,665	1,765	1,702	1,807	1,774
World Mine Capacity	24,013	24,082	24,174	22,174	22,732	2,121	2,061	2,138	2,077
Mine Capacity Utilization (%)	83.5	85.4	84.9	84.3	82.1	83.2	82.6	84.5	85.4
Primary Refined Production	19,485	20,023	20,017	18,282	18,805	1,774	1,749	1,793	1,774
Secondary Refined Production	4,063	4,035	4,028	3,703	3,587	332	322	333	345
World Refined Production (Secondary+Primary)	23,548	24,058	24,045	21,986	22,392	2,106	2,070	2,126	2,120
World Refinery Capacity	27,545	27,979	28,794	26,354	27,121	2,529	2,452	2,539	2,463
Refineries Capacity Utilization (%)	85.5	86.0	83.5	83.4	82.6	83.3	84.4	83.7	86.1
World Refined Usage 1/	23,705	24,484	24,427	22,413	22,981	2,174	2,219	2,271	2,197
World Refined Stocks End of Period	1,375	1,227	1,220	1,288	1,265	1,249	1,337	1,329	1,265
Period Stock Change	10	-148	-7	61	45	-10	88	-9	-64
Refined Balance 2/	-157	-426	-383	-427	-589	-68	-148	-145	-77
Seasonally Adjusted Refined Balance 3/				-392	-548	-123	-112	-143	-56
Refined Balance Adjusted for Chinese bonded stock change 4/	-154	-486	-561	-613	-476	-48	-111	-77	-67

Due to the nature of statistical reporting, the published data should be considered as preliminary as some figures are currently based on estimates and could change.

1/ Based on Chinese and EU apparent usage.

2/ Surplus/deficit is calculated using refined production minus refined usage.

3/ Surplus/deficit is calculated using seasonally adjusted refined production minus seasonally adjusted refined usage.

4/ For details of this adjustment see the paragraph of the press release on "World refined copper balance".





# Passenger vehicle sales in India up 11 percent in January - SIAM

As per the latest data by Society of Indian Automobile Manufacturers (SIAM)

## **Monthly Performance: January 2021**

**Production:** The total production of Passenger Vehicles\*, Three Wheelers, Two Wheelers and Quadricycle in the month of January 2021 was 2,206,261 units, as against 2,049,074 units in January 2020 marking a growth of 7.67%.

### **Domestic Sales:**

- Passenger Vehicles\* sales was 276,554 units in January 2021, compared to 248,840 units in January 2020, marking a growth of 11.14%.
- Three-wheeler sales was 26,335 units in January 2021 compared to 60,903 units in January 2020 marking a decrease by (-) 56.76%.
- Two-wheeler sales was 1,429,928 units in January 2021, compared to 1,341,005 units in January 2020, with a growth of 6.63%.

## **Performance: April - January 2021**

**Production:** Total production of Passenger Vehicles\*\*, Three Wheelers, Two Wheelers and Quadricycle in April-January 2021 was 17,319,688 units as against 22,187,980 units in April-January 2020 with a decline of (-) 21.94 %.

### **Domestic Sales:**

- Passenger Vehicles\*\* sales was 2,054,428 units in April-January 2021, compared to 2,366,760 units in April-January 2020, down by (-) 13.20%.
- Three-wheeler sales was 156,936 units in April-January 2021 compared to 568,157 units in April-January 2020, down by (-) 72.38 %.
- Two-wheeler sales was 12,195,716 units in April-January 2021, compared to 15,254,800 units in April-January 2020, down by (-) 20.05 %

*\* BMW, Mercedes, Tata Motors & Volvo Auto data is not available*

*\*\* BMW, Mercedes & Volvo Auto data is not available and Tata Motors data is available for Apr-Dec only*



## Society of Indian Automobile Manufacturers

Commenting on the January 2021 data, Mr Rajesh Menon, Director General, SIAM said *“In the month of January 2021, 2.77 Lakhs Passenger Vehicles were sold, clocking a CAGR growth of just 1.61% over the previous highest sales in January 2018 of 2.64 Lakhs, while in January 2020 the total sales were 2.49 Lakhs. As far as Two-Wheelers are concerned 14.30 Lakhs units were sold in January 2021, which results in a de-growth of (-) 5.32% CAGR from the highest sales in January 2018 of 16.85 lakhs, while in January 2020, the sales of Two-Wheelers were 13.41 Lakhs units. However, the total sales from April to January period of Passenger Vehicles were still below 2014-15 levels and for Two-Wheelers it is below 2013-14 levels. Sales of Three-Wheelers continued to suffer a de-growth of (-) 56.76%, compared to January 2020, primarily on account of lower off-take of Passenger Three-Wheelers. Supply chain challenges including rising price of steel, unavailability of semi-conductors and higher container charges, continue to be obstacles in smooth functioning of the industry.”*

Category	Domestic Sales (In Numbers)		
Segment/Subsegment	January		
	2020	2021	% Change
<b>Passenger Vehicles (PVs)*</b>			
Passenger Cars	1,55,046	1,53,244	-1.16
Utility Vehicles (UVs)	81,231	1,11,494	37.26
Vans	12,563	11,816	-5.95
<b>Total Passenger Vehicles (PVs)</b>	<b>2,48,840</b>	<b>2,76,554</b>	<b>11.14</b>
<b>Three Wheelers</b>			
Passenger Carrier	50,625	17,124	-66.17
Goods Carrier	10,278	9,211	-10.38
<b>Total Three Wheelers</b>	<b>60,903</b>	<b>26,335</b>	<b>-56.76</b>
<b>Two Wheelers</b>			
Scooter/ Scooterette	4,16,567	4,54,315	9.06
Motorcycle/Step-Throughs	8,71,886	9,16,365	5.10
Mopeds	52,525	59,007	12.34
Electric Two Wheelers	27	241	792.59
<b>Total Two Wheelers</b>	<b>13,41,005</b>	<b>14,29,928</b>	<b>6.63</b>
<b>Quadricycle</b>			
Quadricycle	64	0	-
<b>Total</b>	<b>64</b>	<b>0</b>	<b>-</b>
<b>Grand Total</b>	<b>16,50,812</b>	<b>17,32,817</b>	<b>4.97</b>

\* BMW, Mercedes, Tata Motors & Volvo Auto data is not available.



## Statistics

### Society of Indian Automobile Manufacturers

Category Segment/Subsegment	Domestic Sales (In Numbers)		
	April-January		
	2019-2020	2020-2021	% Change
<b>Passenger Vehicles (PVs)*</b>			
Passenger Cars	14,46,280	11,81,345	-18.32
Utility Vehicles(UVs)	8,06,881	7,88,601	-2.27
Vans	1,13,599	84,482	-25.63
<b>Total Passenger Vehicles (PVs)</b>	<b>23,66,760</b>	<b>20,54,428</b>	<b>-13.20</b>
<b>Three Wheelers</b>			
Passenger Carrier	4,70,894	93,959	-80.05
Goods Carrier	97,263	62,977	-35.25
<b>Total Three Wheelers</b>	<b>5,68,157</b>	<b>1,56,936</b>	<b>-72.38</b>
<b>Two Wheelers</b>			
Scooter/ Scooterette	48,80,446	35,57,427	-27.11
Motorcycle/Step-Throughs	98,26,125	81,15,517	-17.41
Mopeds	5,48,202	5,21,114	-4.94
Electric Two Wheelers	27	1,658	6040.74
<b>Total Two Wheelers</b>	<b>1,52,54,800</b>	<b>1,21,95,716</b>	<b>-20.05</b>
<b>Quadricycle</b>			
Quadricycle	1,018	-27	-102.65
<b>Total</b>	<b>1,018</b>	<b>-27</b>	<b>-102.65</b>
<b>Grand Total</b>	<b>1,81,90,735</b>	<b>1,44,07,053</b>	<b>-20.80</b>

\* BMW, Mercedes and Volvo Auto data is not available and Tata Motors data is available for Apr-Dec only

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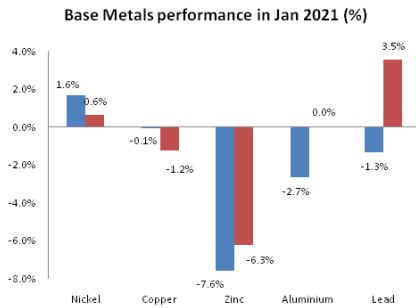






## Analysis

# US stimulus deal to boost the demand for industrial metals



Source: Reuters, Angel Commodity Research

Investors around the globe are curious to know what exactly is in there for the Base metals complex in 2021, after outperforming almost all the asset classes in 2020.

The year 2020 turned out to be the year for base metals as enormous stimulus packages rolled out by global central banks, primarily aiming at boosting infrastructural development, and the eye-catching revival in China's economy buoyed the prices.

However, the industrial metals seem to have lost some steam entering into 2021. Zinc, one of the best performers amongst the complex, turned out to be the highest loser in January'21, recording a drop of 7.6 percent on the LME & 6.3 percent on the MCX.

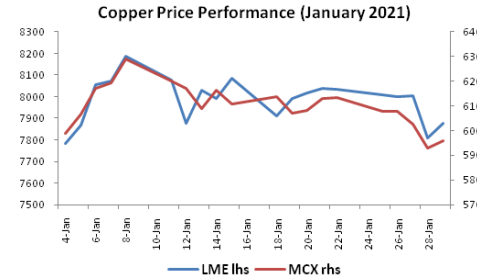
Zinc prices dipped after witnessing a sudden spike in the inventories on the Shanghai Futures Exchange and the London Metal Exchange. Inventories on the LME monitored warehouse surged over 44 percent in the first month of 2021.

As projected by the International Lead & Zinc Study Group (ILZSG) in 2020, the global Zinc market was expected to land in a surplus of 620,000 tonnes in 2020 despite of the evident supply crunch. That, coupled with no signs of enormous purchases by China (unlike for Copper & Aluminium) raised chances of hidden Zinc stocks which left the investors cautious and limited the uptrend for the galvanizing metal in 2020. Existing inventories shifting to the LME verified warehouse amid weak demand from China led to recent surge in the Zinc stockpiles and pushed the prices lower.

### Copper tumbles

Even Copper, the leader metal, which is also considered as the bellwether of the economy traded lower in the first month of the year after posting solid gains of 27 percent & 37 percent on LME and MCX respectively.

The metals majorly used in the power and construction sector slipped after surpassing the \$8,200 level mark in early January'21. The primary reason behind the fall in Copper prices has been the resurgence of the pandemic in China, the largest Copper consuming nation.



After successfully containing the virus in early month of 2020, China's economy recovered at faster than most nations which led to rally in the base metals spectrum. However, another wave of the pandemic hitting the major economies including China dented the demand prospects for industrial metals.

The severe demand woes arising from China and other major economies outpaced the stimulus euphoria and undermined the industrial metal prices.

### Supply distress

The red metal found some support from the steady decline in LME and SHFE inventory levels and supply concerns arising from Peru. The strike at the Las Bambas Copper mine in Peru operated by Australia-based MMG Ltd which commenced in early December 2020 raised severe supply distress for Copper.

The mine which accounts for about 2 percent of the global Copper production failed to transport Copper concentrates due to the road blockades by locals. As per a mining association leader, the protest prevented the mine to export 189,000 tonnes of Copper concentrate during the three-week long protest.

The fall was further limited as inventories on the LME verified warehouse dipped about 60 percent from the levels seen in October 2020. (as of 2nd February 2021, LME Copper inventories stood at 74225 tonnes)

### outlook

The upcoming stimulus deal by US is expected to boost the spending's in the infrastructural segment which has painted a favourable scenario for the industrial metals. Also, US President Joe Biden vowed to take initiative towards a "Clean Energy Revolution" which might further boost demand for the base metals.

However, Despite the decrease in the number of Covid19 reported infected cases in China, the pandemic continues to dampen the global market sentiments which might be a severe headwind for the entire base metal's spectrum.

We expect Copper prices to trade higher towards Rs.650 per kg. (CMP : Rs.640)

Yash Sawant, Analyst, Angel Broking



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- ▶ AlTi5B1 Coils / Ingots
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- ▶ Al-Boron 3-10%
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