Canada blocks BHP’s $39-bn Potash bid

Washington, Nov 4: Canada blocked BHP’s audacious $39 billion bid for Potash Corp and left little room for a modified offer, throwing the spotlight on how the world’s largest miner can find new avenues for growth.

The government said the deal would not benefit the country, delivering a major blow to BHP Billiton chief executive Marius Kloppers after the 2008 failure of a $120 billion-plus takeover of rival Rio Tinto and the collapse of a $116 billion iron ore joint venture with Rio earlier this year.

BHP investors are betting the Anglo-Australian miner will now return capital through a share buyback or expand its interests in oil and gas in an effort to put its growing cash pile to work.

While Canada gave BHP 30 days to come up with additional proposals that might make its offer for the world’s largest fertiliser producer more palatable, the chances of a successful modified bid appeared remote.

“Marius Kloppers is going to be pretty frustrated. BHP is of a size now where just about anything it wants to do of any substance is going to get blocked on regulatory grounds,” said Cameron Peacock, market analyst at IG Markets in Melbourne.

The decision was only the second time Canada has blocked a foreign takeover since 1965, sparking criticism the minority Conservative government was putting politics before business. Reuters
NALCO Q2 net profit up 40 per cent at Rs 224 crore

National Aluminium Company Limited (NALCO) has reported excellent results for the 2nd quarter ended September 2010. According to the reviewed financial results for the 2nd quarter of the financial year 2010-11 taken on record in the meeting held in New Delhi, NALCO has achieved higher net profit of Rs 224.01 crore, as against Rs 159.50 crore in similar quarter of previous fiscal, registering an increase of 40 per cent.
Pyrrhic potash

Canada rejects BHP: Canada may have just shot itself in the foot. The Ottawa government said BHP's $36-billion takeover bid for Potash Corp provided no net benefit to the nation. There's some basis for this in the specific instance. But, what the decision fails to reflect is the long-term damage such a politicised rejection does to Canada's ability to attract capital.

While BHP still has 30 days to plead its case, the decision by the conservative government of Stephen Harper will be regarded as a major victory in Saskatchewan. The provincial government opposed the takeover of Potash, an asset that it used to own. It clearly marshalled some persuasive arguments for its resistance, though Minister of Industry Tony Clement said he was prohibited from sharing these.

However, the province had earlier estimated the takeover could reduce tax revenue by C$3 billion over a decade. Two-thirds of the hit would arise if BHP used tax credits from developing its own potash assets to shelter its target's income. The rest would be the result of piling acquisition debt onto its target.

BHP had said it was willing to ensure there was no tax impact. Of course, many companies that have made promises under the Investment Canada Act's requirement that takeovers create a benefit for the nation have failed to live up to their pledges.

Continued on Section II, Page 3

The authors are Reuters Breakingviews columnists. The opinions expressed are their own. For further commentary see www.breakingviews.com
Pyrrhic potash

But that highlights a flaw in the law’s enforcement which can and perhaps ought to be fixed, regardless of the merits of RMP’s case. It, however, should not be the basis for rejecting a deal that created no obvious threat to competition or consumers.

After all, the longer-term ramifications of protecting Potash may hurt Canada, particularly if investors now view Canada’s natural resources as takeover proof. That would raise financing costs, reduce Toronto’s rising might as a financial centre for the global mining and metals sector and, ultimately, reduce Canadian wealth. It’s hard to see how an outcome like that would be of any net benefit to the country.
VEDANTA WANTS NALCO TO HELP IT WITH ALUMINA

SHUBHASHISH
Mumbai, 4 November

After losing out on mining the Niyamgiri hills of Orissa, Vedanta Aluminium has approached state-owned National Aluminium Company, or Nalco.

“Vedanta Aluminium wants to buy alumina from us,” B L Bagra, director (finance), Nalco, told Business Standard.

A spokesperson at Vedanta confirmed the move. “Nalco has excess alumina capacity and is actively exporting it. Since we are in short supply of bauxite, we are keen on buying for our aluminium smelter,” he said.

Three tonnes of bauxite are required to produce one tonne of alumina and two tonnes of alumina are required to produce one tonne of aluminium. So, Vedanta Aluminium needs 3 million tonnes of bauxite to run its 1-million tonne alumina refinery. Or, to produce at its full capacity of 250,000 tonnes of aluminium per annum, the company needs 500,000 tonnes of alumina.

Since Nalco has a 460,000-tonne aluminium smelter and a 1.57-million tonne alumina refinery, the company is left with around 70,000 tonnes of alumina.

The spokesperson at Vedanta Aluminium said, “We have tied up with GMDC (Gujarat Mineral Development Corporation) for 500,000 tonne bauxite supply, which they will do over nine months time, with a minimum 50,000 tonnes per month. Apart from that, we are sourcing some bauxite from our mines at Bharat Aluminium Company in Chhattisgarh.”

“Since this bauxite arrangement is definitely not enough, we have no other alternative but to buy alumina and continue running our aluminium smelter.”

An analyst with a domestic brokerage said, “Refining one tonne of bauxite into alumina costs $250 and buying alumina from Nalco will cost at least $350 per tonne. Therefore, buying alumina from Nalco will significantly push up Vedanta’s cost of production of aluminium.”
A SLEW OF PSU STAKE SALES COMING

NEW DELHI: The big-bang debut of Coal India Ltd's (CIL) public offer is expected to give a boost to government's disinvestment programme amid a slew of public issues of state-owned enterprises set to hit the capital market over the next five months.

The follow-on public offer (FPO) of energy transmission company Power Grid Corporation of India is set to hit capital markets on November 9, to be followed by a 10% divestment of government stake in Manganese Ore India via an IPO.

The government has also approved sale of 10% equity in Shipping Corporation of India. The biggest domestic shipping company would also raise 10% additional equity to fund its expansion plans.

"The timeline is yet to be fixed. But these (SCI and MOIL) IPO will most likely happen in December," an official said requesting anonymity. These are likely to be followed by public offers of Hindustan Copper and Steel Authority of India Limited.

"The possibility of an FPO in Indian Oil Corporation cannot be ruled out in the second week of January," said the official.
Canada blocks BHP’s Potash bid, stuns investors

Reuters
Sydney/Ottawa, 4 November

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Potash investors angry

The move left some investors in Potash fuming after many had piled into the shares expecting a sweetened bid.

“We are quite angry because the decision will probably prevent us from unlocking the value (in Potash Corp),” said Lionel Melka, a portfolio manager with hedge fund Bernheim Dreyfus in Paris. “This is purely a political decision, it is pure protectionism.”

Potash Corp shares, which had been trading about 12 per cent above BHP’s $130 per share bid, fell about 5 per cent in after-the-bell trade.

BHP shares in London shot up 5.8 per cent to the highest levels at least since the merged company was created in 2001.
Orissa mining circles overshoot rev target

Five out of 14 mining circles in Odisha have overshotted the mining revenue collection target in the April-September period of this fiscal. These circles are Joda, Jajpur Road, Koira, Koenjhar and Cuttack. The total mining revenue collection from all the 14 circles in the April-September period of 2010-11 stands at ₹1476.22 crore, a surge of 138.68 per cent over ₹618.70 crore achieved in the same period last year.

BS Reporter
Silver charms on Diwali eve, gold sparkless

Mumbai, Nov. 4: Silver prices continued to charm buyers on the eve of "Diwali" at the bullion market here on Thursday creating yet another historic peak on aggressive buying by speculators and stockists amid rising trend at the overseas markets.

The Industrial metal rallied to a fresh 30-year high of $25.17 an ounce in early trade in Europe.

In contrast, gold failed to attract more buyers this time due to its skyrocketing valuations and ended marginally lower despite good rally in international market. Silver ready (.999 fineness) jumped by ₹310 per kg to ₹38,550 from Wednesday's closing level of ₹38,240.

However, standard gold (99.5 purity) moved down by ₹10 per 10 grams to settle at ₹19,655 from ₹19,645 in the previous session.

Pure gold (99.9 purity) also edged down to ₹19,735 per 10 grams, as against ₹19,745 on Wednesday.

On global front, gold overcame its slide and rose sharply in Europe, lifted by the dollar's weakness after the Federal Reserve's proposal to infuse fresh stimulus measures into the financial markets.

Spot gold was bid at $1,360.65 an ounce in early trade as against $1,347.15 late in New York on Wednesday.

US gold futures for December delivery rose $23.10 to $1,360.70. — PTI
Gold inches towards fresh record, silver at 30-year-high

NEW YORK:
Gold zoomed to near record levels and silver rose to a 30-year high on Thursday as investors shifted funds out of melting forex markets after the US Fed said it will purchase more debt to prop up the American economy, boosting demand for the precious metals as a safe haven.

Gold spurted by $34 dollar, or 2.5 per cent to $1,371.60 an ounce in New York and 1.7 per cent to $1,371.55 an ounce in London, inching closer to the record high level of $1,387.35 set on October 14.

The investor fraternity pulled out their money from forex markets and parked it in bullion markets as a safe haven.

The dollar slipped to a nine-month low versus the euro after the Fed said it will buy an additional 600 billion dollar of treasuries through June to boost the US economy.

The euro also gained ground amid speculation the European Central Bank might continue with its withdrawal of stimulus measures.

With the general firming trend, silver in New York gained 4.6 per cent to $25.66 an ounce, the highest price since March, 1980. Silver prices have recorded a gain of 50 per cent so far this year.

PTI
Weak dollar, strike threat bolster copper

Reuters

London, Nov. 4

Copper climbed on Thursday after the US Federal Reserve took steps to boost growth and demand in the world's largest economy and the market tried to factor in higher energy costs in top consumer China.

Benchmark copper on the London Metal Exchange was trading at $8,489 a tonne at around 10:50 GMT from $8,320 at the close on Wednesday. The metal used in power and construction last month hit $8,554, its highest since July 2008.

Traders said copper was also underpinned by the threat of strikes in Chile, the world's largest producer.

Industrial metal markets have in recent weeks started to fret that Chinese plans to restrict energy consumption to cut emissions would hamper the country's production capability.
Three-month aluminium was trading at $2,455 a tonne from $2,417 on Wednesday.

The metal used in transport and packaging has over the last year and a half been supported by financing deals that have tied up about 70 per cent of stock in LME warehouses.

That has been reinforced by the potential launch of exchange traded products backed by physical metal.

Zinc was trading at $3,184 a tonne from $3,405.

Battery material lead was trading at $2,494 a tonne from $2,435 on Wednesday, stainless steel metal nickel at $23,950 from $23,550 and tin at $26,600 from $25,880.
Gold sale through post offices

Thiruvananthapuram, Nov 4

India Post today said it had sold half a tonne of gold to over 55,000 customers across the country in the past two years. India Post has been selling gold coins through 700 post offices across the country since October 2008. In Kerala, gold coins are now being sold through 34 post offices, an official release said here today. Under a unique festive discount offer, India Post would give a 0.5 gm gold coin free to any customer who buys a 10 gm gold coin.

Government employees would get a special discount of six per cent on the day's retail price. – PTI
Gold gains; silver at 30-year high

Bloomberg
Nov. 4
Gold rose in New York as the dollar fell after the Federal Reserve said it will purchase more debt, boosting demand for an alternative investment. Silver climbed to a 30-year high and palladium reached a nine-year high.

Gold futures for December delivery gained $34, or 2.5 per cent, to $1,371.60 an ounce at 8:32 a.m. on the COMEX in New York. The metal for immediate delivery in London was 1.8 per cent higher at $1,371.55. Spot prices reached an all-time high $1,387.35 on Oct. 14. Gold, up 24 per cent this year, is heading for a 10th annual gain, the longest winning streak since at least 1920 in London.

SILVER CLIMBS
Silver for December delivery in New York gained as much as 4.1 per cent to $25.43 an ounce, the highest price since March 1980, and was last at $25.335. Silver reached an all-time high of $50.35 in New York in 1980, a year after the Hunt brothers tried to corner the market. Palladium for December delivery advanced as much as 4.8 per cent to $673.40 an ounce, the highest price since May 2001. It was last at $670.20. Platinum for January delivery reached $1,744.20 an ounce, the highest level since May 13, and was last up 2.4 per cent at $1,738.

Bullion rate
Mumbai: Silver spot (999 fineness): Rs 38,550; standard gold (99.5 purity): Rs 19,635; pure gold (99.9 purity): Rs 19,725.
Chennai: Bar silver (a kg): Rs 37,885; retail silver (a gm): Rs 40.55; standard gold: Rs 19,700; retail ornament gold (22 carat): Rs 1,832.
THWARTED AGAIN: BHP MAY RETURN CAPITAL THROUGH A SHARE BUYBACK

Canada blocks BHP’s Potash bid, stuns investors eyeing gains

Michael Smith & David Ljunggren
SYDNEY/OTTAWA

CANADA blocked BHP Billiton’s $39 billion bid for Potash and left little room for a modified offer, throwing the spotlight on how the world’s largest miner can find new avenues for growth. Canada said the deal would not benefit the country, delivering a major blow to BHP Chief executive Marius Kloppers after the 2008 failure of a $120 billion-plus bid for rival Rio Tinto and the collapse of a $116 billion iron ore joint venture with Rio earlier this year.

BHP investors are betting the Anglo-Australian miner will now return capital through a share buyback or expand its interest in oil and gas to put its growing cash pile to work. While Canada gave BHP 30 days to come up with additional proposals that might make its hostile bid for the world’s largest fertiliser producer more palatable, the chances of a successful modified offer appeared remote. “Marius Kloppers is going to be pretty frustrated. BHP is of a size now where just about anything it wants to do of any substance is going to get blocked on regulatory grounds,” said Cameron Peacock, market analyst at IG Markets in Melbourne.

The move left some investors in Potash fuming after many had piled into the shares expecting a sweetened bid. “We are quite angry because the decision will probably prevent us from unlocking the value (in Potash),” said Lionel Melka, a portfolio manager with hedge fund Bernheim Dreyfus in Paris. “This is purely a political decision, it is pure protectionism.”

Potash shares, which had been trading about 12% above BHP’s $130 per share bid, fell about 5% in after-the-bell trade. BHP shares in London shot up 9.8% to the highest level at least since the merged company was created in 2001 on expectations BHP would consider returning capital to shareholders. They were 4.9% firmer at 1042 GMT.

“BHP not spending all that money on Potash ... will increase the probability of a capital return or share buyback, and people like that possibility,” said Tim Schroeders, a portfolio manager at Pengana Capital in Australia. Based on current metals prices, the group will have a cash pile of $16.4 billion by the end of next year and a $10 billion buyback would be 5% accretive, Liberum Capital in London said in a note. While investors expect BHP to look at a buyback or a special dividend, analysts said the miner could increase its exposure to oil and gas using an estimated $11 billion war chest. —Reuters
SC-appointed panel nails Raj mining lies

Rachna Singh | TNN

Jaipur: The story of reckless mining activity in Rajasthan is getting murkier, despite environment and forests minister Jairam Ramesh thrice writing to chief minister Ashok Gehlot asking him to stop all such operations. According to documentary proof with TOI, only three mines in the Aravalli ranges in Udaipur did actually shut operation after the Supreme Court’s February 19 order restraining mining in the entire area.

A recent site inspection by officials of the Union ministry of environment and forests (MoEF) has revealed that in Udaipur, 16 mines are fully operational, in violation of SC’s restraint orders.

In a letter to the state chief secretary written on October 4, the Central Empowered Committee that works at the behest of the Supreme Court, contradicts the department of public relations (DPR), Rajasthan’s claim that mining has completely stopped. In a letter to TOI on October 23, the DPR had claimed that orders of the Supreme Court restraining mining in the Aravallis are being fully implemented, and that mining in case of 137 deemed licences has been stopped completely.

But the letter written by M K Jiwrajka, member secretary, CEC, based on an affidavit to the Chief Justice of India, highlights the partiality of department of mines and geology towards some lease holders in the Aravalli range in Udaipur district.

In his letter, Jiwrajka has said that when Y K Singh Chauhan, conservator forests (MoEF), visited the site, he found that in compliance with the SC order, only three mines in Udaipur had stopped operations. But within 500 meters of these mines, 16 others were fully operational, all extracting green marble. And these are in addition to the 157 in deemed (C) category in which SC has restrained mining after the expiry of mining leases.

Chauhan confirmed that after the site inspection of some mines in the deemed category in Udaipur, he had also written to the principal secretaries department of forests and mines and geology on June 26 highlighting that only three mines that were awaiting renewal in 2008 have actually shut operation.
GMDC to set up two plants in Kutch district

Virendra Pandit
Ahmedabad, Nov 4
Gujarat Mineral Development Corporation Ltd (GMDC) plans to set up a pyrite removal plant in Bhavnagar and a lime crushing plant in Kutch district with a total investment of Rs 25 crore.

While the pyrite removal plant with a capacity of 1.5 million tonnes a year will involve investment of nearly Rs 22 crore, the lime crusher to be set up at Panandiro with an investment of Rs 2.5 crore will have a capacity of 2 lakh tonnes a year, the GMDC Managing Director, Mr V.S. Gadhavi, told Business Line here. “We have appointed the agency which will make these investments. After clearance from the Gujarat Pollution Control Board, we expect these plants to commence work in the next few months,” he added.

Q2 Numbers
GMDC’s turnover in the second quarter of 2010-11, ended September 30, increased 35 per cent to Rs 252 crore (Rs 186 crore). The profit after tax (PAT) increased 47 per cent to Rs 56 crore (Rs 38 crore), as GMDC capitalised on its core competence of mineral exploration and extraction, according to the unaudited financial results released here.

Mr Gadhavi said the half-yearly turnover is the highest ever in GMDC's history. The company’s total turnover in the first two quarters of 2010-11 was Rs 591 crore (Rs 450 crore) while PAT was Rs 161 crore (Rs. 118 crore). The surge in financial performance of the corporation was due mainly to the increase in the volume and value.

Lignite production increased 24 per cent to 17.6 lakh tonnes for the quarter and 26 per cent to 45.16 lakh tonnes in the half-year. The proposed pyrite removal plant in Bhavnagar is expected to further boost the lignite sales by enhancing the lignite quality which would, in turn, benefit the end-users. Similarly, the lime crushing plant at Panandiro lignite mines would enhance the quality of limestone for cement industry and power plants.

GMDC, which has recently been permitted to sell bauxite to Vedanta for its alumina plant in Orissa, has also seen a surge of 30 per cent in this respect over the previous quarter's sales. GMDC would soon commence bauxite mining at Mewasa with an estimated reserves of 5 lakh tonnes, thus adding up to its top-line in the near future.

GMDC also plans to carry out manganese exploration in Shirpur, Bhabhar Jari, Pani and Sala Pada areas of the Panchmahals and Vadodara districts.
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Reuters
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गोल्ड ईटीएफ में सोने का खरा निवेश

शिकार उपाय

निवेश रणनीति का सबसे आह्म हिस्सा होता है एसी का जीवन आजादी। शेयर और फिश इनक्यून जैसे निवेशों में अपने निवेश को निर्माण इस उम्मीद के साथ बदलता है ताकि उसे कम से कम नुकसान ना हो और ज्यादा से ज्यादा प्राप्त। इसको कम करने के लिए, खास लोग अपने निवेश पोर्टफोलियो में कमीशन्स को भी तकनीकी देने लगे हैं। क्योंकि शेयर में सोने का मांग सबसे ज्यादा रहा है। हालाँकि कुछ समय को जोड़े देने वाले शेयर्स में निवेश दिया गया है। लेकिन फिशिंग शेयर सालों से नोटें नकल करने वालों के लिए आलोचनात्मक है और निवेश की सबसे अच्छी पोर्टफोलियो में सोने को मार्गदर्शन रूप से लाभ लाना चाहिए।

कॉमेंटर्स में आम-चाचन से बहुत प्रभावित कॉमेंटर्स में अधिक ज्यादा-चाचन से पाठकों और इंटरनेट-करारियों का जोरदार काफी ज्यादा बढ़ गया है। इसके से गोल्ड ईटीएफ के भूमिका महत्वपूर्ण हो गई है। गोल्ड ईटीएफ निवेशकों को सोने की निवेश योजनाओं के लिए एक उपयुक्त विकल्प देता है।

जॉन ब्रांड गोल्ड ईटीएफ में निवेश लें और गिनवे के दौरान गोल्ड ईटीएफ करीब 49.86% की चाल रही।

सितंबर 2010

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दर्शन सक्षमता में सोने ज्यादा होने का वजह है। इस पर जिन निवेशकों के लिए निवेश का सुरक्षित तरीका बन गया है।