Cabinet clears PSU share buy-back

Special Correspondent

NEW DELHI: In an innovative mechanism devised to partly make up for the shortfall in the Rs.40,000-crore disinvestment target set for the current fiscal, the Union Cabinet on Thursday approved buy-back of the Centre’s equity by cash-rich public sector undertakings (PSUs).

With the enabling provision for quick dilution of the Centre’s stake in blue chip companies through buy-back by the cash-rich PSUs themselves getting the Cabinet’s nod at its meeting chaired by Prime Minister Mmohan Singh, the way is now paved for the government to inch a tad closer to the till-now elusive disinvestment target.

To facilitate quick transaction, market regulator Securities and Exchange Board of India (SEBI) has already relaxed the norms for buyback of shares and dilution of equity as a result of which PSUs will be able to complete the buy-out deals within days as compared to the normal disinvestment process through public offers which can take months.

Alongside, the Cabinet Committee on Economic Affairs (CCEA) is understood to have permitted financial institutions to buy the government’s equity stake in PSUs.

Till date, the government has managed to garner a paltry Rs.1,145 crore through sell-off of PFC shares. The sale of ONGC shares on Thursday through the auction route was expected to mop up a sizeable amount of about Rs.12,000-13,000 crore. However, with the floor price of an ONGC share pegged at Rs.290, very close to the price on the bourses, being higher than FII expectations, the response has been lukewarm and the mop-up at the end of the day’s trading is believed to be in the region of Rs.8,500 crore.

Clearly, in the current market trend of high volatility and profit-taking, the auction route introduced by SEBI as a new mechanism called IPP (institutional placement programme) is unlikely to yield the desired results.

It will now pave way for Centre to inch a tad closer to the disinvestment target

In its bid to garner the required funds through equity buy-back, the Department of Disinvestment had identified nearly two dozen cash-rich PSUs which account for a total cash reserve totalling nearly Rs.2-lakh crore. Some of these blue chip companies are: SAIL, NMDC, NTPC, Coal India, Oil India, MMTC, Neyveli Lignite Corporation, NHPC, BHEL, and GAIL (India).

However, as to which are the PSUs that would finally opt for share buy-back is not clear as yet. This is evident from Finance Minister Pranab Mukherjee’s reply when he said: “I can’t say anything about the Cabinet decision which has been taken. There is due procedure and it will be announced in due course.”

The uncertainty is all the more owing to the fact that in January this year, the CCEA had to defer its decision on allowing buy-back of shares by PSUs as a number of key ministries such as petroleum and coal had viewed that utilisation of cash balances of PSUs would affect their expansion programmes.

In all probability, Coal India, which has a cash reserve of about Rs.45,000 crore, is likely to be the first in line for the buy-back route. There are likely to be many more, as is clear from the movement of share prices on the bourses. Despite a falling market, there were a number of PSUs which gained up to 5 per cent.

Among these were: MMTC, Coal India, NMDC, SCI, MTNL, HMT, STC, Hindustan Copper, Engineers India, and NHPC.
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PSU scrips buck trend on govt nod

MUMBAI, PTI: Shares of various public sector companies defied the weak broader market trend and gained up to 5 per cent after the government approved buyback of shares by certain PSUs as part of the divestment programme.

Some gainers in PSU counter were MMTTC, Coal India, NMDC, Shipping Corporation, MTNL, HMT, STC, Hindustan Copper, Engineers India, and NHPC. STC was biggest gainer in the PSU pack settling with a gain of over 4.99 per cent at BSE. MTNL gained 4.65 per cent, HMT by about 4.15 per cent and NDMC jumped by over 2.14 per cent.

Rashtriya Chemicals, NMDC and National Fertiliser settled with over 2 per cent gain, while Shipping Corporation, EIL, and MMTC ended the day higher by over 1.80 per cent. NHPC, Neyveli Lignite and National Aluminium closed for the day with over 1 per cent gain.
Strict Laws to Govern Mining of Minor Minerals in 6 Mths

Order to affect construction sector as it uses minor minerals such as sand, gravel and boulders

SANJAY K SINGH
NEW DELHI

The Supreme Court has directed the Centre and the state governments to implement within six months strict regulations to govern mining of minor minerals as recommended by the ministry of environment and forests.

The order could affect the construction sector as it uses minor minerals such as sand, gravel and boulders. The directive is applicable to all riverbed mining in the country.

"We, therefore, direct all the states, union territories, MoEF and the ministry of mines to give effect to the recommendations made by the MoEF in its report of March 2010 and the model guidelines framed by the ministry of mines, within a period of six months," a bench comprising Justice KS Radhakrishnan and Justice CK Prasad said.

The court also asked the Centre to bring into force the Minor Minerals Conservation and Development Rules 2010 at the earliest. It also asked state governments to frame necessary rules taking into consideration the recommendations of the MoEF and model guidelines framed by the ministry of mines. In its report, the MoEF had said that mining of minor minerals needs to be regulated strictly just like mining of major minerals. It also called for a re-look at the definition of "minor" minerals, saying there does not exist any such system based on end-use in other countries for classifying minerals into major and minor categories.

The report said there is a need to bring uniformity in the period of lease granted to companies. It recommended that the minimum period of mine lease should be five years, so that eco-friendly, scientific and sustainable mining practices could be adopted.

The MoEF took into account the fact that if the tenure of the mine lease is short, it would encourage the lessee to exploit minerals rapidly without undertaking adequate measures for reclamation and rehabilitation.

It said that while granting of mining lease by the state governments, location of any eco-fragile zone(s) within the impact zone of the proposed mining area, the link notifications governing such zones and the judicial pronouncements, if any, should be duly noted.

The report said there is a need to bring uniformity in the extent of area to be granted for mining to ensure that scientific mining practices can be adopted. It is recommended that a minimum of 5 hectare be given under a lease. Further, preparation of comprehensive mine plan for continuous stretches of mineral deposits by the state governments may also be encouraged, it said.

The report recommends that provision for preparation and approval of mine plan, as in the case of major minerals, may appropriately be provided in the rules governing mining of minor minerals. These should specifically include the provision for reclamation and rehabilitation of mined areas, progressive mine closure plan and land use after mining.

At present, most state governments have not made preparation of a mining plan for minor minerals mandatory. The report also recommends that there is a need to create a separate corpus, which may be utilized for reclamation and rehabilitation of mined areas. The state governments may work out a suitable mechanism for creation of such corpus on the 'polluter pays' principle. An organisational structure may also need to be created for undertaking and monitoring these activities, the ministry's report said.
Nod for rich PSUs to buy back shares

By Mail Today Bureau in New Delhi

THE Cabinet on Thursday cleared a proposal for allowing cash-rich public sector companies to buy back shares and participate in the government's divestment programme.

The move is aimed at enabling the government to raise funds for reducing the runaway fiscal deficit. The government had set a target of ₹40,000 crore to be raised through disinvestment of public sector enterprises but volatile stock markets had forced it to put the plan on hold.

The Department of Disinvestment (DoD), which is the nodal ministry for carrying out stake sale, has identified 20-odd public sector companies with a total balance of nearly ₹2 lakh crore. These include Navratna companies such as Coal India, power utility National Thermal Power Corporation (NTPC), miner National Mineral Development Corporation (NMDC), Steel Authority of India Ltd (SAIL) and upstream oil giant producer Oil and Natural Gas Corporation (ONGC), Oil India, MMTC, Neyveli Lignite, National Hydroelectric Power Corporation (NHPC), Bharat Heavy Electricals Limited (Bhel) and Gas Authority of India (GAIL).

Share buy-backs by these companies would see more money flowing to the government, the biggest shareholder in these companies, while investment in share sales of other public sector firms would help the faltering divestment plan.

"It all depends on companies; it is just an enabling provision," Praful Patel, minister of heavy industries, told reporters.

Analysts said that the government needs to cut its holding in several firms and is likely to encourage share sales in these companies.

Under current regulations, listed companies are required to have minimum public shareholding of 10 per cent, but at least eight state firms, including Hindustan Copper, HMT, MMTC Ltd and State Trading Corporation currently don’t comply with these rules, analysts said.

Other cash-rich companies such as Coal India or NTPC or SAIL, whose cash reserves are far beyond their expansion or acquisition plans, may consider investing in share sales in other public sector companies.

"If companies have surplus cash, they can go for this option," a government source said adding, "The final decision would be taken by the company boards."

The government had in January deferred a decision on permitting buy-back by public sector companies as several ministries like petroleum and coal felt that the move could impact the cash balance of these companies.
Hindustan Copper FPO in FY13 Q1, but likely to divest only 10% stake

Parul Chhaparia

THE COMPANY HAD ALREADY SENT A DRAFT CABINET NOTE TO THE FINANCE MINISTRY FOR ITS VIEWS AND ONCE THE DRAFT IS FINALISED, IT WOULD BE SENT TO THE CABINET FOR APPROVAL.

New Delhi, Mar 1: The government-owned Hindustan Copper is likely to come out with its much-awaited follow-on public offer (FPO) in the first quarter of next financial year (2012-13). Unlike the original plan which included issuance of 10% fresh equity, the current plan comprises only 10% stake sale through the FPO route.

The company had already sent a draft Cabinet note to the finance ministry for its views and once the draft is finalised, it would be sent for the Cabinet approval. The disinvestment will bring down promoters’ holdings to 89.59% from 99.59% at present.

“We did not want to issue fresh equity. The draft note for Cabinet approval is only for 10% disinvestment,” a company official said.

When contacted, company chairman and managing director (CMD) Shakeel Ahmed confirmed it. “We have already informed the mining ministry about not going for issuance of fresh equity. Now, once the finance ministry clears it, it would go to the Cabinet,” he said without divulging details about the valuation. The FPO was part of government’s plan to raise ₹50,000 crore during 2011-12 through selling residual holdings and divesting stakes in some firms to financial institutions. The government had earlier planned to issue 10% fresh equity and 10% stake sale through FPO for the company, but the plan hasn’t materialised.

Though, the company has been maintaining that the offer was delayed because of the unfavorable market conditions, according to a company official, the problem was with the valuations of shares. While the bankers were suggesting a price of ₹120-150 a share, the promoters of the company were keen on higher valuation.

Hindustan Copper’s net profit had gone up over 70% in the third quarter (October-December) compared with the quarter ended September. The country’s biggest copper mining firm posted a net profit of ₹79.14 crore in Q3 against ₹46.46 crore in Q2, though this was marginally lower than ₹80.72 crore in the same period last year.

The company’s share closed 1.29% up at ₹297.30 on the Bombay Stock Exchange on Thursday. Its market capitalisation is ₹27,506 crore.
Vedanta offers ₹16k cr for govt’s stake in HZL, Balco

NEW DELHI, MARCH 1
Sterlite Industries has offered to pay Rs 16,000 crore to buy government stakes in Hindustan Zinc (HZL) and Bharat Aluminium Co (Balco), in which the majority holding was acquired by the Vedanta group about a decade ago.

"The government had asked us if we’d be interested to take its stakes in HZL and Balco. We answered in the affirmative. According to the prevailing market price, we’ve offered Rs 16,000 crore for buying the stakes. That was in January," the chairman of the $70-billion metal and mining conglomerate, Anil Agarwal, told PTI.

He said the price Vedanta has quoted for buying residual stakes in HZL was based on a month’s average stock price of the zinc producer. Vedanta had acquired government’s 51% stake in Balco in 2001 during the NDA regime for Rs 551 crore. The government still has 29.54% stake in Hindustan Zinc and 49% holding in Balco.

The government does not seem to be happy with the valuation quoted by Vedanta and an empowered group of ministers which is looking into the matter had favoured a status quo till a fair valuation is arrived at.

Agarwal said since January Vedanta did not receive any communication from the government and against this backdrop, it would not be possible for him to give any timeframe when the deals would be through. "This isn’t in my hands. It’s up to the government," he said when asked to project a timeline.

Vedanta group company Sterlite Opportunities and Ventures (SOVL) holds 64% stake in HZL. SOVL had initially acquired 26% stake in HZL in 2002. — PTI
Sterlite eyes govt stake in HZL, Balco

DELHI, 1 MARCH: Sterlite Industries has offered Rs 16,000 crore to buy out government’s stake in Hindustan Zinc and Balco, almost a decade after Mr Anil Agarwal-led firm acquired majority holding in zinc and aluminium producers.

The offer was made in January but Vedanta Resources, the parent company of Sterlite, is yet to hear from the government, group chairman Mr Anil Agarwal said. “The government had asked us, if we will be interested to take its stakes in HZL and Balco. We answered in the affirmative. As per the prevailing market price in January, we have offered Rs 16,000 crore for buying stakes,” he said. ptI
**Mining lease cancelled**

HYDERABAD, 1 MARCH: The Andhra Pradesh Government today cancelled the lease for mining quartz and feldspar minerals granted to Trimex Industries over alleged violation of rules. In 2001, the Government allotted 3 acres of land near Mallaredypalli village of Nalgonda district to Trimex for a period of 20 years for mining the minerals. pti
NO MINING WITHOUT CENTRE'S NOD: APEX COURT

New Delhi: Expressing concern over growing illegal mining in the country, the Supreme Court has ruled that the States and Union Territories can now grant leases for mining minor minerals in less than 5 hectares or renew them only after prior approval from the Union Environment Ministry.
No mining without Centre’s nod: SC

PTI  New Delhi
Expressing concern over growing illegal mining in the country, the Supreme Court has ruled that the states and Union Territories can now grant leases for mining minor minerals in less than 5 hectares or renew them only after prior approval from the Union Environment Ministry. A special forest bench of justices K S Radhakrishnan and C K Prasad directed the states and UTs to give effect to the various recommendations and guidelines framed by the Ministry of Environment and Forests in its March 2010 report and submit compliance reports before the court within six months.
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Vedanta group company Sterlite Opportunities and Ventures (SOVL) holds 64 per cent stake in HZL. SOVL had initially acquired 26 per cent stake in HZL in 2002.

Subsequently, it bought 20 per cent public holding in the company. In 2003, it acquired additional 18.92 per cent stake from the government exercising call option.
केंद्र की मंजूरी के बिना राज्यों, केंद्र शासित प्रदेशों में खनन नहीं

नई दिल्ली, (भाषा): देश में हद बढ़ते अवैध खनन पर विरोध प्रकट करते हुए, उच्चतम न्यायालय ने न्यायमित प्रक्रिया की है। खनन और केंद्रशासित प्रदेश अब नये मुद्दे पर विचार रहे हैं। केंद्रीय पर्यावरण मंत्रालय ने गृह अनुबंध के बाद यह संबंध तैयार करने के लिए में नये मुद्दे के खनन के लिए प्रतिक्रिया दे सकते हैं। उनकी नियोजन कर सकते हैं। केंद्रीय राष्ट्रीय अभियान और अभियान के साथ साथ, जिनके संबंध में खनन की तुलना की जा रही है, शोध अक्सर नीतियों का इस्तेमाल करता है। भारत की नीतियों और परिवारिकता की तुलना की जा रही है। इसके अलावा, नीतियों का इस्तेमाल करता है।

आग्रह के प्राथमिक प्रभाव को ऊपर रखते हुए, उच्चतम न्यायालय ने गृह अनुबंध के बाद यह संबंध तैयार करने के लिए में नये मुद्दे के खनन के लिए प्रतिक्रिया दे सकते हैं। उनकी नियोजन कर सकते हैं। केंद्रीय राष्ट्रीय अभियान और अभियान के साथ साथ, जिनके संबंध में खनन की तुलना की जा रही है, शोध अक्सर नीतियों का इस्तेमाल करता है। भारत की नीतियों और परिवारिकता की तुलना की जा रही है।
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हां दिल्ली, (पत्र): वेदांता के भागुरे वर्ष खरीदने वालों के अभाव समूह की स्वतंत्र इंडस्ट्रीज ने अभिल अभाव ने कहा "सरकार ने हिंदुस्तान जिक्र निम्निधि आदेश दिया था कि वह हिंदुस्तान जिक्र (एचजी एल) और भारत और बालकों में उनकी हिस्सेदारी की एक निम्निधि के पूर्व की हिस्सेदारी के तुल्य की हिस्सेदारी को खरीदने के लिए, 16,000 करोड़ रुपए की पेशकश की है। बालों के लिए, 16,000 करोड़ रुपए की पेशकश वेदांता ने उन कंपनियों की पेशकश की थी। वह जनयोगी की हिंदुस्तान जिक्र में सरकारी हिस्सेदारी देखाया खरीदने के लिए, 16,000 करोड़ रुपए की पेशकश की थी। सरकार ने साक्षरता के बालकों में जनयोगी की हिंदुस्तान जिक्र की 29.54 प्रतिशत और बालकों की 49 प्रतिशत हिस्सेदारी की है। सरकार ने साक्षरता की पेशकश से दुख नहीं किया और इस नीतियों पर निर्भर नहीं रहा। हां दिल्ली, भारत के बालकों में सरकारी हिंदुस्तान जिक्र की 29.54 प्रतिशत और बालकों की 49 प्रतिशत हिस्सेदारी की है। सरकार ने साक्षरता के बालकों में उन कंपनियों की पेशकश की थी। वह जनयोगी की हिंदुस्तान जिक्र में सरकारी हिस्सेदारी देखाया खरीदने के लिए, 16,000 करोड़ रुपए की पेशकश की थी।
वेदांत की बाल्को के लिए बड़ी पेशकश

नई दिल्ली, प्रेम: वेदांत समूह की स्टेटलाइट इंडियाटैल ने हिंदुस्तान बिल्ट और बाल्को में सरकारी हिस्सेदारी खालील लाने के लिए 16 हज़ार करोड़ रुपये की पेशकश की है।

समूह ने कंपनियों की वहूलेह हिस्सेदारी 35% पहले ही प्रतिष्ठित किया है। वेदांत की ओर से यह पेशकश ऐसे समय की गई है, जब सरकार राजनीति बढ़ते के लिए तत्काल जन्म करते थे जुटी हुई हैं।

इससे सरकारी क्षेत्र के उपक्रमों में विनियंत भी होने लगेंगे।