ONGC FPO LIKELY TO HIT MARKET ON MARCH 9, SAIL’S ON FEBRUARY 15

Merchant bankers can’t bid for ONGC issue as a consortium

Himani Kaushik & Samir Modak

New Delhi/Mumbai, Jan 5: Merchant bankers won’t be able to bid in consortium for the follow-on public offer of ONGC expected to hit the market around March 9.

The consortium approach helps those merchant bankers who do not have a strong retail network. Meanwhile, the government on Wednesday started the process of hiring merchant bankers for the FPO. The request for proposals will be publicly January 7.

The government plans to complete the disinvestment calendar for current financial year with the mega public offer of upstream oil major ONGC around March 9 this year, an official with direct knowledge on the issue told FE.

With plans of bringing out only two public issues in the remaining part of this financial year, the government intends to launch follow-on public offer of SAIL just before the ONGC issue sometime by the middle of February. The two issues together are expected to mop up close to Rs 17,500 crore for the government at current market price taking it closer to the disinvestment target of Rs 40,000 crore for 2010-11.

“While there is no pressure to meet the Rs 40,000 crore target, if need be, another small issue could be squeezed in depending on the market conditions,” said the official.

The government earlier intended to bring out the issues of Power Finance and Hindustan Copper also in the January-March quarter, but it has been decided to study the market thoroughly before the two issues hit the market.

The red herring prospectus (RHP) for the ONGC FPO would be filed around mid-February. A finance ministry official said while final dates for SAIL issue will be decided in next couple of weeks, it is likely to open on February 15. The ministry of steel has shortlisted the nominees for the independent director, while the Appointment Committee of the Cabinet will give its decision in a week’s time. The government has so far garnered only Rs 22,763 crore from the stake sale in its companies in the current fiscal and has to mop up another Rs 17,237 crore to meet the target.

The disinvestment programme started on a slow note, as the government raised only Rs 2,000 crore in the first two quarters of the current financial year. It gathered steam only in October after the Coal India issue.

In the third quarter, over Rs 25,000 crore worth government offerings hit the market. With no decision yet on the oil subsidy mechanism, government has bought time by pushing the ONGC issue to March so that it gets a better response from the market.

Meanwhile, it is expected that the disinvestment target for the next financial year is likely to be fixed a bit lower at Rs 30,000-35,000 crore.
टूटेगा नक्सली नेटवर्क

बिहार में खातुन और फत्तार के अवैध खनन
का मामला

ब्यूटी @ स्ट्रैटा

राजन में खातुन और फत्तार के अवैध खनन के तर, सामग्रियों के आपूर्तिकर इलाकों और नक्सलियों से जुड़े होने के लिए संपर्क में रहते हैं। अवैध खनन से हो रहे खातुन नक्सली का ज्योति हो सकते हैं। जो यह संपर्क में होते हैं। जब खातुन जीवन में जगा होता है और जब फत्तार यह संपर्क में होता है।

नीलामी और आपूर्ति के साथ-साथ खातुन और फत्तार के अवैध खनन से आ पहुंचने वाली नक्सलिएं और अन्यत्र इत्यादि तक पहुंच रहे हैं। इस तरह के आपूर्तिकर इलाकों के अवैध कारों में भी जाने वाली अन्यत्र इत्यादि का पता लगाते हैं।

बिहार में खातुन और फत्तार के अवैध खनन का एक खाता हो सकता है। जब खातुन जीवन में जगा होता है और जब फत्तार यह संपर्क में होता है। जब खातुन जीवन में जगा होता है और जब फत्तार यह संपर्क में होता है।

तथा पहुंच रहे हैं। इस तरह के अवैध खनन को जीवन रहते हैं। अवैध खनन से हो रहे खातुन नक्सली का कुछ हिस्सा लेने के रूप में नक्सलियों तक पहुंच रहा है। माना जा रहा है यह खाता होना है और जब जीवन तक पहुंच रहा है।

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राजटी से मार्बल टाइल्स कारोबार खतरे में

दिवसों भाषण • जनपुर

एक अंशों से यहाँ गई राजटी की बढ़त से मकरन मार्बल टाइल्स को मार्बल टाइल्स कारोबार घट होने का खतरा हो गया है। सरकार ने मकरन में टाइल्स पर रक्षाभंगी को 25 रुपये व्यक्ति प्रति टन 300 रुपये कर दिया है, जबकि प्रदेश के दूसरे इलाकों में मार्बल रक्षाभंगी की दर 225 रुपये प्रति टन है। मार्बल रक्षाभंगियों का कहना है कि मकरन में निकलकर जाने वाले मार्बल का 40 प्रतिशत धारण करने में कम हिस्सा जाता है। मकरन की मार्बल टाइल्स अन्य इलाकों की टाइल्स से बेहतर होने के कारण बहुत पिछले पर साल में इसके कारीगर में 40 प्रतिशत तक गिरावट आई है। इसकी बढ़त में राजटी मजबूत हो गई है।

उल्लेखनीय है कि मकरना राजस्थान की इकलौती ऐसी मार्बल मंडी है, जहाँ कच्चा राजस्थान का मार्बल तेलमार्बल का प्रवाहण है। इस समय मकरन में पांच रूपये से 70 रुपये प्रति पैकेज तक मूल्य की टाइल्स फिकती है। मकरन से हर दिन 25 टुकड़े टाइल्स (प्रति टुकड़े 20 चौ) की सपाटी होती है। लेकिन राजटी बड़े मूल्य से टाइल्स कारोबार में निकाल की आवश्यकता है। मकरना मार्बल मजेंटा पूर्वसीय एवं अमेरिका के अधिकारी गोविंद साम ने कहा कि मकरना बड़े मूल्य से दोहरे की दूसरी मार्बल मंडियों को तुलना में मकरन की मार्बल टाइल्स और मजबूत हो गई है। इस कारण मकरना अन्य चीजों ने ताज़हत में रखते रहे की आवश्यकता है।
टेक्स्ट हिंदी
Mining in the forest

Rotation Of Forest Felling Is Necessary

bharat jhunjhunwala

THE environment minister has expanded the “Go” areas approved for mining of coal from 344k hectares to 380k hectares. An additional 36k hectares of dense forests will now be available for felling and mining. The country’s annual production of coal is about 530 million tons. Coal minister Jashwant will want to increase this to 1000 million tons by 2020. The Prime Minister agrees that we will have to cut the forests for coal mining.

The Prime Minister must reconsider. A report of The Energy Research Institute (TERI) has estimated that the total availability of our coal reserves would be sufficient for 160 years. But much of this coal lies deep in the earth’s womb, as it were. Commercially viable extraction technologies are not available at present. The mineable coal reserves are adequate for only about 40 years. A doubling of the pace of mining will lead to exhaustion of these reserves in 20 years. This is not desirable from the standpoint of energy security.

The argument in favour of rapid mining is that technological changes in the next 20 years may render the need to mine coal redundant. Alternative sources of energy may be developed. The cost of solar energy has come down from about Rs 20 per unit to Rs 11 per unit over the past decade. Thorium-based nuclear energy may be developed. Technologies to extract coal from deeper beds may also be developed. We should take the risk and rapidly utilise the available reserves rather than advocate new technologies will be devised in this period and the high rate of growth, based largely on new technologies, will continue after 20 years. There is merit in this argument.

But is the risk worth taking? America did take the risk and the country is in trouble. Technology development is the hallmark of its economy. The pace, however, has slowed down over the past decade. Yet the country took the risk, assessed that new technologies will somehow be generated and continued to maintain high levels of consumption as if no crisis had arisen. The US government provided cheap housing loans and encouraged the people to borrow and buy houses. The country borrowed heavily in the world financial markets. But technological innovations did not materialise, the high levels of wages and consumption could not be sustained and the economy has virtually gone into recession. The country is now on a futuristic technological scenario would be disastrous.

We need more electricity for sustaining our economic growth. Currently, however, the generation of electricity is often being used for vulgar display and ostentatious consumption. The monthly domestic electricity consumption bill of a top industrialist of Mumbai is Rs 70 lakh. It is not wise to cut the forests to sustain such consumption. The government must try and reduce the consumption of electricity. We must generate only so much electricity that is genuinely required for productive purposes. Such ostentatious consumption also transfers resources from the poor to the rich.

The agricultural fields of the poor are acquired for mining and for putting up hydropower projects. They are deprived of minor forest produce.

Mineral companies should be asked to formulate effective reforestation programmes... This is essential for the survival of bio-diversity and wildlife.

The rise in global temperature affects the poor more than it does the affluent. The present policy of generating ever higher levels of electricity, therefore, leads to waste and is, therefore, unjustified.

Yet we have to mine. Apart from coal, we need aluminium, iron, manganese, uranium and other minerals. Cutting forests for such supposedly ‘developmental’ needs is not to be decried. The 16th hymn of the 10th book of Rigveda states: Goddess of the wild and forest... seems to vanish from sight. And, yonder what seems a dwelling-place appears... another there hath felled a tree. Lord Krishna and Arjuna most valiantly burnt the Khandava forest and opened up the area for human habitation. Therefore, let the forests for ‘higher’ human habitation be okay. The mistake lies in leaving the mined areas barren.

Huge amounts of coal have been extracted from the forest lands of Sonnbhadra district in southern Uttar Pradesh. Mining has been done largely through the open cast process. The soil has been removed and stored in huge man-made mountains. The coal lying below the soil has been extracted. On the one hand deep pits have been constructed artificial mountains have been created on the other. Both are barren. Knowledgeable sources say that only cosmetic and superficial plantations are visible on some of the mountains. There are few bushes around. The deep pits are entirely barren.

Forests have been restored in other countries. Large tracts were once cut in the industrial area of Ruhr in Germany. These abandoned mines have today become lush forests that support bio-diversity. Similarly, extensive logging was undertaken in the northern areas of New Zealand. An estimated 60,000 hectares of such deforested land now support the legendary Kauri forests. No fewer than 20 species of trees are found in a hectare. During a visit to the National Environment Engineering Research Institute, Nagpur, this writer was shown photographs of regenerated forests. Though restricted to experimental plots, it indicates that regeneration is possible.

An excellent effort has been initiated in Congo. The authorities found that it takes 42 years for a forest to regenerate. They divided the forests in blocks. One block will be felled during the next 42 years. Then, this block will be closed for regeneration and felling will be carried out in another block. Bio-diversity will be possible in these regenerated forests. This will facilitate mining and also protect the forests.

Our government should reflect on its policy of marking the forests in “Go” and “No Go” areas. Such a division suggests that the “Go” areas will be cut and left barren forever. The minerals lying below the forests in the “No Go” zones will never be extracted. We will, therefore, be doubly deprived. We shall lose the forest cover in “Go” areas and the minerals in “No Go” areas. This is undesirable.

The correct approach is to reforest the “Go” areas, allow bio-diversity to shift from the “No Go” to “Go” areas; and then open up the present “No Go” areas in a planned manner for mining. Such an approach will provide us both with forests and minerals.

Mining companies should be asked to formulate effective reforestation programmes. This involves the laying of topsoil on barren mountains, using fertilizers and watering the seedlings that are planted. Legislation should be enacted, requiring the companies to reforest the lands already mined by them. Licences should be granted only after satisfactory progress in reforestation. Mining should not be carried out in contiguous areas. Large tracts of virgin land must be left untouched. This is essential for the survival of bio-diversity and wildlife.

The writer is former Professor of Economics, Indian Institute of Management, Bangalore.
HindCopper stocks down on FPO buzz

HINDUSTAN COPPER nosedived by over 10 per cent on the BSE amid reports that the company’s follow-on public offer may be priced at a discount of over 56 per cent vis-a-vis Wednesday’s closing price. Reacting sharply to the news, shares of the state-run firm tumbled by 10.4 per cent to hit an intra-day low of ₹301.15 on the BSE. The stock managed to trim some of its initial losses by the end of trade and settled at ₹320.15, down 4.76 per cent. The price band for the issue could be ₹120-140 per share, translating into a 56.3 per cent discount vis-a-vis Wednesday’s closing price. Investors opted for profit-booking in anticipation of picking up shares later.
Mineral production for Sept. dips

MINERAL PRODUCTION in the country in September 2010 dipped by 3.73 per cent to ₹12,947 crore over the past month mainly on lower coal output. India had produced minerals worth ₹13,450 crore in August last year, official data revealed on Wednesday. Among the six minerals, which accounted for 96 per cent of the mineral output during the month, crude petroleum topped the list contributing 40 per cent of the total value. However, its production was down by one lakh tonne (LT) to 31 LT in September over August, 2010. Coal was the second highest on the chart contributing ₹3,295 crore to the kitty. In August 2010, coal production was valued at ₹3,481 crore.
Jindal Poly may seek PE investment for subsidiary

J YOTI MUKUL
New Delhi, 5 January

Jindal Poly Films (JPFL) plans to go for private equity investment in its subsidiary, Jindal India Thermal Power. The BC Jindal group promoted company may also go in for listing Jindal India Thermal once the company’s ₹9,121-crore power plant in Orissa becomes operational.

Jindal India Thermal’s 1,800 MW plant will have three units of which the first will be commissioned in March 2012, the second in September 2012 and the third in September 2013.

“Before the project goes on-stream, we will go in for PE investment or a public issue to unlock the value for JPFL. We are looking at 10-15 per cent dilution in the company,” Sanjeev Aggarwal, Chief Financial Officer, Jindal India Thermal, said.

Jindal India Thermal has signed a second power purchase agreement (PPA) with Tata Power Trading Company for sale of 400 MW power from the plant on merchant basis for 12 years. With the signing of PPA, the company will sell a total of 900 MW to Tata Power for which it has been guaranteed a minimum tariff of ₹2.70 a unit besides getting a 10 per cent share in the upside.

It has also signed a PPA with the Orissa government-owned utility Gridco for supply of another 250 MW from the power plant in Angul district of Orissa. “The company will sell the remaining 650 MW itself on merchant basis. Through our PPA with Tata Power, we are assured that the 900 MW we sell on merchant basis through them will fetch us a minimum return of ₹2.70,” said Aggarwal.

JPFL holds 64 per cent equity in the company through its holding company Jindal India Powertech Ltd. The project, being developed on a debt equity ratio of 80:20, recently achieved financial closure after tying up the last tranche of ₹1,800-crore debt with a consortium of banks led by Punjab National Bank. While JPFL is investing ₹153 crore in subsidiaries and affiliates this year, it is investing an additional ₹456 crore in the pit-head power project. It has already invested ₹108 crore with the remaining investment likely to be made over the next two years.

The project would run partly on captive coal mine and partly on linkage coal. The company is developing its captive mine in Orissa through Mandalea Coal Company, a joint venture with Tata Power and Monnet Ispat.
Gold fluctuates amid signs of rising dollar

LONDON: Gold fluctuated in London on speculation that investors will buy more metal as a protection of wealth and that Tuesday's price drop was overdone. The metal, which reached a record $1,431.25 an ounce on December 7, on Tuesday fell the most since November 12 on speculation data showing recovering economies will curb investment demand. The euro declined against the dollar on Wednesday amid concern that Europe's debt crisis will persist. The Federal Reserve said the US central bank needs to maintain its bond-purchase plan as the economy struggles to recover. “Economic data has improved in the last few days,” Tuu Pawlicki, an analyst at MF Global Holdings in Chicago, said in a report.
Hind Copper falls 10% on discount buzz

NEW DELHI: Hindustan Copper nosedived by over 10% on the Bombay Stock Exchange amid media reports that the company’s follow-on public offer may be priced at a discount of over 56% vis-à-vis Wednesday’s closing price. Reacting sharply to the news, shares of the state-run firm tumbled 10.41% to hit an intra-day low of ₹301.15 on BSE. The stock managed to trim some of its initial losses by the end of trade and settled at ₹320.15, down 4.76%. According to media reports, the price band for the issue could be ₹120-140 per share, translating into a 56.27% discount to Wednesday’s closing price.
Hind Copper slumps on FPO price discount talk

Initial valuation report has been placed before issuers

Jayanta Mallick
Kolkata, Jan. 5

Hindustan Copper stock slumped further on Wednesday on Dalal Street apparently reacting to continued unconfirmed reports on the so-called sharp discounts to the market price concept to be applied for the public sector company's proposed FPO valuation.

According to market insiders, extremely low float stock has been a speculators' delight in the past three quarters.

"Before June last year, when the FPO process was not set in motion, it was unrealistically high valued and after that it has been declining without much relationship with the company's fundamentals," said a metal analyst with an overseas fund.

Incidentally, according to the company sources, in the pre-FPO road shows in the UK, Australia, East and South East Asian markets investors had shown keen interest in the proposed share offer.

Merchant Banking sources said the initial indicative valuation reports has been placed before the issuers - the company and the Government - in December. The preliminary reports from the investment bankers, appointed for the job, were based on two valuation methods - discounted cash flow and EV-EBIDTA. "We have stuck to the fundamentals of the company and nothing otherwise", said an official of an investment banker to the issue.

A Union Ministry of Mines source said: "The final decision on the timing and offer price would be taken by an empowered group of ministers."

If the FPO process reaches an advanced stage by the end of this month, then the road shows may start in February and it may complete before the 2011-12 Budget announcement. "Otherwise it may get delayed and take place in the first quarter of 2011-12," the source explained.

Mr. Shakeel Ahmed, CMD of Hindustan Copper, told Business Line that he has no comment on the issue price or timing.

But he clarified that the mention of the total issue proceeds ballpark figure of Rs 4,000 crore was made to give a broad idea of resource mobilisation possibility. "That was before June, and it did not have any reference to either the market price then prevailing or a fair price based on due diligence exercise."

Around that time the market price was over Rs 400.
Mineral output dips 3.73% in September to Rs 12,947 cr

NEW DELHI: Mineral production in the country in September 2010 dipped by 3.73% to Rs 12,947 crore over the past month mainly on lower coal output. India had produced minerals worth Rs 13,450 crore in August last year, official data revealed on Wednesday. Among the six minerals, which accounted for 96% of the mineral output during the month, crude petroleum topped the list contributing 40% of the total value. However, its production was down by one lakh tonne (LT) to 31.1 LT in September over August, 2010. Coal was the second highest on the chart contributing Rs 3,295 crore to the kitty. In August 2010, coal production was valued at Rs 3,481 crore. The output of coal during September was at 363 lakh tonnes (LT) vis-a-vis 384.1 LT in the immediate past month.
Firm dollar pressures, copper

Reuters
London, Jan. 5
Copper fell 2 per cent on Wednesday from a record in the prior session as a firm dollar pressured prices and dulled investor appetite, while lead stockpiles hit their highest in more than 15 years.

Copper for three-month delivery on the London Metal Exchange traded at $9,434.50 in official rings, down from $9,580 at the close on Tuesday.

LME lead was bid at $2,540/2,543 a tonne in rings, down from $2,609 a tonne on Tuesday's close.

Zinc traded at $2,415 from $2,470 a tonne. Stainless material nickel slumped to $24,645 from $25,155, while tin traded in rings at $26,000 down from $26,350. Aluminium fell to $2,483 a tonne from $2,485.
NMDC gets nod for limestone project

Press Trust of India

New Delhi, Jan. 5

Country's largest iron ore miner NMDC has got conditional approval from the Environment and Forest Ministry for a Rs 274-crore limestone project in the Solan district of Himachal Pradesh.

The clearance is subject to approval from the State Government for diversion of agricultural land, necessary forest clearances under the Forest Act and rehabilitation measures for the project-affected people among others.

The proposal pertains to a semi-mechanised open cast mining project on 232.6 hectare area at Arki in the Solan district with an estimated capital cost of Rs 274.26 crore.
Gold imports, prices likely to continue to rise

Jan 5: Gold imports by India, the biggest consumer, may climb this year as record prices fail to deter buyers and investors seek a hedge against inflation, according to broker Nirmal Bang Commodities.

Imports may total 770 tonne to 810 tonne, up from 700 tonne in 2010, said Kunal Shah, head of commodities research at the broker. Imports last year were about 700 tonne, the Bombay Bullion Association said January 3.

Gold climbed to a record $1,431.25 an ounce on December 7 and rallied 30% last year for a 10th straight annual gain as investors bought the precious metal as a protector of wealth. Demand in India surged 79% in the nine months ended September 30 as investors sought a safe haven and higher incomes spurred jewelry sales, according to the World Gold Council.

“Demand is very good, even at higher prices,” Anjani Sinha, chief executive officer of the National Spot Exchange, India’s biggest bourse for trading physical gold, said in an interview in Mumbai. “People still believe prices may go up further. The scenario in 2011 will be as good as in 2010.”

Imports this year may total 650 tonne to 700 tonne, up from 650 tonne last year, Sinha said. Purchases in 2010 may exceed 750 tonne, the World Gold Council said November 17. The country bought 559 tonne in 2009, according to the producer-funded group.

India’s inflation rate remains at “elevated levels,” the Reserve Bank of India said last week. Higher global commodity prices and domestic demand continue to put pressure on prices, the central bank said in a December 30 report.

“Inflationary concerns and strong investment demand is likely to drive gold prices higher,” Nirmal Bang’s Shah said in a phone interview. Global prices will touch $1,470 an ounce in the first quarter, he said. “A lot of people are keen to invest in gold, even at these levels. Demand remains robust.”

Gold jewellery demand in India surged 73% in the nine months ended September, according to the council. Total demand in the nine months climbed 79% to 650.4 tonne, the council said. Annual and fourth-quarter figures haven’t been released.

Futures for delivery in February on the Multi Commodity Exchange of India Ltd. Rose 0.1% to Rs 20,475 ($453) per 10 gm at 10:44 am in Mumbai. Prices reached an all-time high of Rs 20,924 on December 7. In New York, February-delivery futures advanced 0.4% to $1,384 an ounce at 10:45 am Mumbai time, and bullion for immediate delivery added 0.2% to $1,383.93.

Gold may rise to $1,500 to $1,600 in the year ahead, New Delhi-based broker Religare Commodities Ltd. said in a January 3 report. “The outlook for gold remains bullish, as it continues to provide a hedge against the persistent quantitative easing and weakness in fiat currencies,” Religare said in the report. Bloomberg
सज्जी आर्च में बनेगी दुनिया की विशालतम स्वर्ण फैक्ट्री

दिल्ली, (आईएनएल): सज्जी आर्च 2011 के अंत तक, दुनिया की सबसे बड़ी सोने की फैक्ट्री साक्षात अस्तित्व में आयेगी। साक्षात, जिसमें लगभग 22,000 वर्ग मीटर के आकार में कर्मचारियों का इसका प्रभाव मिलेगा। गोल्ड एंड जेनरल्स कंपनी के सुरक्षा कार्यकारी अधिकारी एडम जेम्स ने दैनिक 'अभियुक्त' से कहा कि इसी साल के अंत तक यह फैक्ट्री चल जाएगी। समस्त शामिल हैं चेन्नई, तमिलनाडु के व्यापक संबंधों के अन्दर विशेष ध्येय परियोजना में 25 साल का अधिकार का अनुमान हैं और राजनीति आतंकवाद के नाम से ट्रांज़ूरी में सेवे का रत्न बना सकता है। गैर-शासन की समर्थन वाली गोल्ड एंड जेनरल्स ने राजस्थान राज्य का आशीर्वाद दिया जो उपभोक्ता को 323 टन सोने की शर्म दिलाएगा।