Mittal brake on projects

New Delhi, Feb. 7 (PTI): The world's largest steel maker ArcelorMittal, which was unable to get regulatory approvals for its proposed $30-billion investments, has for the time being put on hold its India business plans.

"It is very difficult to say anything... When will we start the construction, when we will really make progress. We are not even counting them in our business plans for the next few years," ArcelorMittal chief L.N. Mittal said while announcing the results for 2011 in a conference call.

The steel maker has plans to build 2 mega steel plants of 12 million tonnes each in Jharkhand and Odisha, and one 6 MTP plant in Karnataka at a total estimated investment of Rs 1,30,000 crore ($30 billion).

However, marred by regulatory delays and problems in land acquisition, the company has put its Odisha plans on the back burner. In September 2010, it also shifted its plant site in Jharkhand from Khunti-Gumla to Bokaro.

Noting that ArcelorMittal is still in the process of securing various regulatory approvals, Mittal said his company was waiting for a clear picture to emerge on various government policy initiatives such as the new mining bill.

The new mining bill, tabled in Parliament in the winter session, has proposed to levy an amount equal to 100 per cent royalty payment for the non-coal mining companies as compensation for the project-affected people.

"New bills are coming in Parliament... There is a new policy for coal allocation. So, we are really watching the various developments and rules and regulations (that are) coming in. Then only we will have the visibility about the projects in India," he said.

Meanwhile, ArcelorMittal's net loss widened to $1 billion in the December quarter of 2011, mainly because of tax payout, impairments and restructuring charges. The company had reported a net loss of $780 million in the same quarter of 2010.
Mineral-rich Bellary is now a district of penury

In 2010, the iron ore-rich Bellary district attracted the maximum investment into mining projects, steel plants and allied industries, promising jobs in thousands for the economically backward districts of North Karnataka.

Let alone facilitating the promised investments, the government has not even been able to provide livelihood to nearly 150,000 labourers and mine workers, who have been thrown out of jobs overnight by private firms because of the ban on mining imposed by the Supreme Court.

It is over six months since mining activities ceased in Bellary and elsewhere in the state, a significant number of labourers, who eked out a living on daily wages, have not found suitable jobs. To make matters worse, mining has been stopped even in mines that have followed environmental regulations. Some of these have been in operation for more than four decades. Unfortunately, they have not yet received the green signal to recommence their operations.

Most of the jobless labourers have migrated to Bangalore in search of livelihood. But finding jobs in the state capital is not easy, because of the hull in the real estate sector. There are other options before the abandoned labourers, such as working in coffee plantations or seeking jobs in neighbouring Goa. But neither of these options provides employment on a full-time basis.

There is a section in the political establishment, which is laying claim to the title of terminator of illegal mining in Karnataka. They might have ended the reign of the corrupt mine lords, who thrived on illegal mining. But what about the fate of these workers employed by the mines? There isn’t even a whimper about them, something that saddens visitors and tourists who come to Bellary and Tumkur districts.

Abandoned by their masters and neglected by the government, the future of the labourers has become highly uncertain. The mining labourers are not organised, unlike other industries; one of the reasons for this being the nature of the mining industry itself.

Most companies employ labourers on contract basis through an outsourcing firm. The firms do not pay the salaries to the labourers directly, but rather through the outsourcing firm.

The daily wages are nowhere near that of the construction labourers in cities. The job of a mine labourer is replete with severe occupational hazards, lack of social security schemes and welfare programs and schooling for their children. They are not even provided with uniform and safety gear. The plight of the labourers in illegal mines was even worse. But in the absence of any other job, it became inevitable for them to accept such harsh terms from their employers. Now with mining being stopped, the labourers have nowhere to go.

Of course, there are reputed mining firms that have been operating in Bellary district since the 1970s. Some of these firms are paying their workforce without extracting any work from them since September. But such firms are few and far between. The larger section of the unorganised mine workers continue to suffer.

The NREGS is yet to reach the jobless mine labourers. Under the scheme, each labourer can earn up to 360 per day as wages, but the government has not bothered to enrol them for it.

Bellary district is endowed with rich natural resources, but mining and export of iron ore since the last five decades have not lifted the people from poverty. The literacy rate has remained at a poor 57 per cent. Deaths of children because of malnutrition are common; construction labourers suffer from lung infections because of long term exposure to dust; and the district ranks 18th in the Human Development Report for the state.

Some of the corporate mining firms, which have not violated any major rules, have approached the government several times to plead their case in the court. But help from the government has been slow while mine labourers continue to suffer.
Indian Express, Delhi  
Thursday, 9th February 2012, Page: 13  
Width: 32.43 cms Height: 47.33 cms, Ref: pmin.2012-02-09.46.98

BOOING MONGOLIA

Mine, all mine

The country that is likely to grow faster than any other in the next decade, and how it is changing, for better or worse

ON to OTT

China’s booming demand has not only made Mongolia a bright star in the global financial firmament but also made it the world’s economic growth area in Asia. Its mining industry is riding on a wave of newfound energy and resource wealth, and its GDP is expected to grow by over 10 per cent this year. The country’s export-oriented economy is in the midst of a strategic shift from mining and raw materials to minerals processing and manufacturing. In the past, a boom in the price of commodities has meant a bonanza for Mongolia, but now it is looking to develop its manufacturing sector. Mongolia is trying to diversify its economy and reduce its dependence on the export of raw materials. It is focusing on developing a more diversified and sustainable economy, and the government has set targets for reducing its reliance on mining exports. The government is encouraging investment in manufacturing and other non-primary industries, and it is working towards the establishment of a strong and sustainable manufacturing base. Mongolia has a number of advantages that make it an attractive location for foreign investment, including a favorable business climate, a skilled workforce, and a strategic location. The government is also providing incentives to investors, such as tax benefits and access to cheap labor. The country has a lot of potential for growth, and its economy is expected to continue to expand in the coming years. This is an exciting time for Mongolia, and it is looking forward to an exciting future.
NOD TO CONNECT ALL C’GARH MINES WITH TRAINS

RABINDRA NATH GHOMDHURY
RAIPUR, FEB 8

Railway minister Dinesh Trivedi on Wednesday gave his nod to the ambitious ₹40,000 crore North Chhattisgarh Industrial Corridor project, which proposed to link all the mines in the region by railway network for transportation of minerals to various industries in and outside the state. “The project is proposed to be set up on a PPP model. A working group has been constituted to prepare a detail project report”, Mr Trivedi said.
Check posts to curb illegal mining

JAMSHEDPUR (JHARKHAND), PTE: Check posts would be set up in Odisha-Jharkhand border to stop illegal mining of iron ore. "Illegal mining has been carried out on revenue and forest land in Manki-Munda command in the bordering areas of the two states," Jharkhand Home Secretary J B Tubid said.

He said check posts would be set up to curb illegal transportation of iron ore and to identify routes which were used to carry minerals.
Check posts to curb illegal mining

Jamsedpur, Feb. 8

Check posts would be set up on Odisha-Jharkhand border to stop illegal mining of iron ore, officials said here today after a meeting of the top officials of the two States. "Illegal mining has been taking place on revenue and forest land in Manki-Munda command in the bordering areas of the two States. Check posts will be set up within a month," the Jharkhand Home Secretary, Mr J.B. Tubid, said after the meeting. "The check posts would be set up to curb illegal transportation of iron ore and identifying routes to carry minerals," he said. ~PTI
Optimism over Greece bailout boosts copper

Reuters
London, Feb. 8

Copper prices surged to their highest levels in more than a week on Wednesday, lifted by a stronger euro and optimism Greece will be able to secure a bailout package aimed at averting a disorderly default.

Benchmark copper on the London Metal Exchange (LME) rose to $8,590 a tonne at 11:22 GMT, up 1.4 per cent from a close of $8,481 on Tuesday.

The metal used in power and construction earlier climbed to $8,633 a tonne, its highest level since Jan. 27.

Nickel hit a fresh five-month high, and tin rose to its highest level in six months. In other metals, aluminium rose to $2,274 a tonne, from a close of $2,255 on Wednesday.

ALUMINIUM STOCKS
Aluminium stocks rose to a fresh record high of 5,031,250 tonnes, with 13,450 tonnes flowing into Vlissingen. Total cancelled warrants for aluminium stood at 60,500 tonnes.

Zinc, used in galvanising, rose to $2,142.75 from $2,120, while tin was at $25,410 from Tuesday’s close of $25,495. It earlier hit its highest level since early August at $25,825.

Lead climbed to $2,224.50 from 2,186 and stainless steel ingredient nickel was at $21,967 from $21,800, earlier hitting its highest level since early September at $22,150.
Deccan Herald, Bangalore
Tuesday, 7th February 2012, Page: 1

Cancel 49 mining leases in State, says SC panel

‘Greed of a few people putting ecology in peril’

NEW DELHI: The Central Empower Committee (CEC) appointed by the Supreme Court on Monday recommended the cancellation of 49 mining leases in Bellary, Chitradurga and Tumkur districts in Karnataka after finding companies engaging in massive illegal extraction of iron ores.

The mining leases that have been directed to be revoked include the Associated Mining Company owned and operated by former Karnataka Minister G Janardhan Reddy, Canara Minerals, Matha Minerals, Alum Veerabhadrapa, V S Lad and sons, Deccan Mining Syndicate and public sector Mysore Minerals Ltd.

The panel headed by P V Jayakrishna also favoured putting a ceiling of 25 million metric tonnes (MMT) for total production of iron ore from all mining leases in Bellary district and 5 MMT from the leases in the districts of Chitradurga and Tumkur altogether.

“The extent and level of rampant unauthorised, unregulat-ed, environmentally unsustainable and illegal mining in its various facets and consequent massive encroachment in the forest area perhaps had no other parallel in the country,” the panel said.

The CEC contended that various rules made under different laws like the Forest Act and Environment (Protection) Act were given a “go by” by the miners.

“What is more, there has been all-round sharp degradation of environment with all attendant problems because of the unsatisfactory greed of a few. The ecological security and biodiversity of the region has been gravely affected by the unsustain-able mining activities,” the panel said while holding official responsible for the illegal mining.

In its final report, the CEC made a classification of leases into three categories on the basis of the level of illegalities found in them. The leases falling in “A” category were computed as 45, including the non-working leases, where no marginal illegality has been found. The CEC recommended for the conditional resumption of operation to these mining leases.

The category “B” comprised 72 mining leases which were found to be involved in illegal mining by way of creating mining pits up to 10 per cent of the lease areas outside the sanctioned limit. The panel recommended that these leases could be allowed resumption of operation only after reclamation and rehabilitation were undertaken satisfactorily and penalty was deposited by the lease holders.

As far as category “C” was concerned, the CEC said: “The leases should be directed to be cancelled on account of being found to be involved in substantially illegal mining. As a penalty/compensation, the entire sale proceeds received or to be received by way of e-auction of the existing stocks of iron ore should be retained by the monitoring committee. And reclamation and rehabilitation plan should be directed to be implemented at the cost of lessees.”

In its recommendations, the CEC also suggested for extending the term of monitoring for two years for “effective implementation of the directions of the apex court.”

DH News Service
StockWatch

McNally Bharat Engineering Company

A diversified base

Well placed to capture opportunities in various sectors as investments pick up

McNally Bharat Engineering Company (MBEC), one of the leading engineering companies in India, provides turnkey solutions to sectors like power, steel, aluminium and cement. Its  has constructed over 300 plants on turnkey basis till date. It celebrated its golden anniversary in 2011. The company is a part of the Williamson Major Group.

MBEC's areas of operation include bulk material-handling, ash-handling, powdered material-handling, and port-handling systems for shipyards, bulk cargoes and containers; mineral beneficiation plants for ferrous and non-ferrous equipment; water management including water and waste water treatment, supply and distribution; road construction and maintenance; open cast mining machinery including shaftable conveyor systems, bucket-wheel excavators and spreaders; structural fabrication; erection; piping; and utilities.

MBEC's Indian subsidiary, McNally Sayaji Engineering (MSEL), manufactures a wide range of equipment used in construction, mines and metal production such as heavy-duty slurry pumps, impact hammer crushers, dual chain mill, smooth roll crushers, reverse hammer mill, roller screen, ring granulator, grinding mill, rotary breaker, traveling hoppers, hydro cyclones, road construction equipments.

Through its subsidiary MBE Mineral Technology Pte Ltd, MBEC acquired in 2009 the coal and mineral technology division of KHD Humboldt Wedag, a global leader in coal and mineral processing. MBEC also has a third subsidiary, EWB, Hungary.

Sales grew 26% to Rs 861.05 crore and OPM 5.5% to 6.4%, taking OP 47% higher to Rs 55.00 crore and PAT 16% to Rs 18.56 crore in the six month ended September 2011.

MBEC had outstanding order book position of around Rs 3900 crore on October 2011 compared with about Rs 4000 crore a year ago. Overall, it expects order intake of around Rs 3000 crore in H2 of the fiscal ending March 2012 (FY 2012). Bids worth Rs 12500 crore are at various stages of decision. The company expects one coal-handling order in Bangladesh and one large order in the cement engineering, procurement and construction (EPC) business, a new venture for the company. Together with other small orders, order intake will be around Rs 3000 crore in H2. In worst case, orders of around Rs 2100 crore will definitely be there, the same as in H2 of FY 2011.

MSEL had a weak September 2011 quarter as the high margin orders in the power and mining sector got delayed. The top line was up 5% but PBT decreased nearly 76% in H1. The current order book is around Rs 240 crore. Its R&D division successfully developed mobile crushing and screening plants, which have good market in the construction and mining industries. With a new factory, the capacity at Vadodara, Gujarat, has trebled. The company expects to come back strongly in H2 and end the current fiscal on a flat note in spite of an adverse situation.

The coal and mineral technologies (CMT) group of MBEC reported net sales of Rs 104 crore with PBT of around Rs 3.7 crore, with outstanding order book of about Rs 300 crore in H1. The business is expected to grow 10%-15% every year. The outlook for the CMT group remains upbeat, considering the order backlog of Rs 310 crore.

Based on its smart order book position and considering the expected investment in its participating sectors of activity, MBEC expects to sustain the growth rate of its top and bottom lines. The combined (including MSEL and the CMT group) top line is likely to be around Rs 2700 crore in FY 2012 and consolidated operating Ebitda at the 8%-9% level. The company’s quest for innovation in design and project management is likely to safeguard its growth.

MBEC is expected to continue its sizeable presence in the steel sector by catering to the modernisation packages of Sail in the power sector through the balance of plant (BOP) packages, in the port sector through the expansion programme of NMDF, and in the non-ferrous metal sector through capacity increase. The company is at different stages of discussion with private power plants and non-ferrous metal producers for their requirement of BOP packages and process plants.

We expect MBEC to register standalone sales of Rs 2191.61 crore and net profit of Rs 54.14 crore in FY 2012. On equity of Rs 31.09 crore and face value of Rs 10 per share, EPS works out to Rs 17.4. Consolidated EPS will be higher than standalone EPS. The share price trades at Rs 111. P/E works out to just 6.4.

### MBEC: Standalone financials

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<td>11.2</td>
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* Annualised on current equity of Rs 31.09 crores. **Face Value**: Rs 10, **EO**: Extraordinary items. **EPS** is calculated after excluding EO and relevant tax. Figures in Rs crore. Source: Capitaline Databases
MoEF clashes with coal ministry on mines

Mayank Aggarwal  NEW DELHI

While the government is flooded with applications for more coal mines, the ministry of environment and forests (MoEF) has posed a query about the actual usage of coal mines already granted clearance.

In a meeting held in November last, the MoEF officials asked the coal ministry to get back to them with concrete numbers.

Sources told DNA that the MoEF believes that the current mines remain grossly unused while greedy developers are trying to corner precious natural resources.

"It has been observed that the existing capacity of coal blocks is not fully used by the companies involved and instead applications for new blocks are being presented before us for clearance. This is unfair. So, we have politely asked the coal ministry to give us a detail of the unused capacity of the existing coal blocks," a top official of the environment ministry said.

Industry watchers also feel this has been done by the MoEF to hit back at detractors who claim that the ministry has been holding back growth. Instead, the MoEF is posing hard questions to expose the fact that existing mines are lying unexploited when new applications are piling up.

"It has been nearly two months since they were asked about it but they have not got back to us on this still," said the environment ministry official adding they had also asked about the reclamation of the coal mines.

A series of meetings involving members of the coal ministry, environment ministry and other government departments has been going over this issue in the last few months. The pressure on MoEF can be gauged from the fact that apart from these meetings, separate meetings are also conducted by the Prime Minister's Office and the Cabinet Secretariat on the issue.

The environment ministry's contention also finds favours with environmentalists. A few months ago the Centre for Science and Environment (CSE) had published a study claiming that an unprecedented amount of land is being diverted for coal mining and other industrial projects in the last five years without a check contrary to industry's claim that green clearances are harming their growth.

It claimed that during 2007-2011, 8,284 projects were granted forest clearance and 2,03,576 hectare (ha) of forest land was diverted. It said from 2007 to August 2011, 181 coal mines were given clearances by MoEF. The combined capacity of these 181 mines was pegged at around 583 million tonnes per annum. "In 2010, India produced 537 million tonnes of coal. So, MoEF has granted clearances to double the coal production capacity in the country," CSE said.

The CSE had said Coal India Limited (CIL), which produces around 90% of India's coal, has under its control over 200,000 hectare of mine lease area which includes 55,000 of forest area. "The estimate coal reserves with CIL are 64 billion tonnes but it is currently producing only around 500 million tonnes," CSE claimed.

"Who is responsible for the shortage of coal when CIL is already sitting on reserves, which it is not mining.

Perhaps it is being done to facilitate the entry of private companies to get access to captive coal mines. But even these private companies seem to sit on reserves once they obtain it," said the CSE while outlining various examples of private companies who got land but did not start production.