ONGC awaits Coal Ministry nod for project

VAIDIOARA, April 7
(PTI): ONGC’s pilot underground coal gasification (UCG) project an (Chetana) which was initiated in 2005 is yet to get approval from the Union Coal Ministry, a top company official said here.

The UCG project in Surat is pending on account of the Mining Exploration Licence (MEL). ONGC Director (Exploration) SRV Rao told PTI. He was in the city yesterday for annual review of western onshore basin at its headquarters here.

ONGC had sought mining licence in huge quantity of land in Vasman mine block located near Surat about three years ago but it has not been successful in getting it.

The company has been eager to implement the project soon but it has hit a roadblock.

Before moving the concerned ministry for MEL, ONGC had completed all surveys needed, Rao said.

Also, Coal India Limited (CIL) and ONGC had inked an MoU in November 2005 and the project was scheduled be commissioned in 2009-2010. Official sources said that ONGC had joined hands with Russia’s Skochinsky Institute of Mining (SIM) for technology transfer as several UCG projects have been successful there.

In UCG procedure, oxygen and steam is injected into coal seams that ignite coal. This converts solid coal into a mix of gases, liquids and ash. The gas can be taken out from coal seams, which comprises carbon monoxide, hydrogen and methane among others.
MoEF Panel okays
NTPC coal mining
project in Orissa

New Delhi: Power producer
NTPC’s 7 million tons per
annum (mtpa) coal mining
project in Orissa has been
recommended for green
clearance, but with certain
riders, by a committee of
the ministry of environ-
ment and forests.

“The committee (Expert
Appraisal) recommended
the project for environmen-
tal clearance subject to
conditions and subject to
grant of Stage-I FPC (For-
estry Clearance) for the
forestland found within the
ML (Mining Licence),”
sources said.

The decision was taken in
the meeting of the Expert
Appraisal Committee held
recently.

NTPC officials were not
available for comment.

The condition includes:
substitution of R&R (resot-
tlement and rehabilitation)
and action plans to envi-
ronment ministry and an
integrated calendar plan of
production, among others.

— PTI
Shah panel seeks report on iron ore traders

Pulpit

The Goa government will submit details of action taken against the iron ore traders to judge M B Shah Commission, probing illegal mining in the state. The commission, in a letter to the mines department last week, sought details of action taken against the traders, Director of Mines and Geology Prasanna Acharya said on Monday.
India asks Russia for more direct diamond sales

Wants better long-term arrangement for importing roughs mined there, bypassing middle tiers; Russian processors protest

Delip Kumar Jha
Mumbai, 9 April

The Indian government has asked its Russian counterpart for an alternative arrangement to buy diamonds mined in that country.

Currently, Indian processors (about 95 per cent of all diamonds mined in the world, known as 'roughs' before these are processed) import rough diamonds worth around $900 million annually through Alrosa, the Russian government agency. This is a fifth of Russia's annual output. Alrosa also supplies a fair amount of roughs to Gokhran, the Russian government depository of precious metals and stones, for sales to local manufacturing units — these come in due course to India through traders in other regions, including those in Antwerp, Israel or Botswana.

"Every 14 out of 15 rough diamonds come to India for processing. Why not supply directly? We have been pitching for higher rough imports directly, to process the stone faster. Also, we have been seeking direct rough import opportunities the world over," said Rajiv Jain, chairman of the Gems & Jewellery Export Promotion Council (GJEPC).

In a recent meeting in New Delhi with Russia's minister of economic development, Elvira Nabiullina, commerce and industry minister Anand Sharma asked her to help devise a long-term formula for importing roughs directly from Gokhran. Russia accounts for approximately 21 per cent of global diamond production, most of which is concentrated in some of the most inaccessible and inhospitable regions in the world.

Sharma asked Nabiullina to push for an early conclusion of a long-term supply agreement with Alrosa Co Ltd. The government is also interested in a mechanism enabling participation of its own Minerals and Metals Trading Corporation and for Hindustan Diamond Company, a joint venture between the ministry of commerce and industry and De Beers Centenary Mauritius Ltd.

Similarly, Sharma requested that a mechanism for sale of diamonds by Gokhran be institutionalised. However, in an open letter to GJEPC, the Association of Diamond Manufacturers of Russia expressed indignation at Sharma's request to formalise a mechanism for the sale of diamonds to India by Gokhran. "We understand whose interests are being lobbied by minister Anand Sharma. We understand the proactive stand of our colleagues, but, gentlemen, Russia also has its manufacturing industry and it is impossible to neglect its interests; it looks at least unethical," says the letter, signed by Maxim Skhador, chairman of the Association's council, who is also CEO of Smolensk-based Kristall, Russia's largest diamond manufacturer.

India was Russia's second largest importer of roughs in 2011. The three major importers of Russian diamonds last year were Belgium with 18.85 million carats ($2.5 billion), India with 5.958 million carats ($591 million) and Israel with 3.468 million carats ($384 million).

Praveen Shankar Pandya, chairman, Diamond India Ltd, said, "The Russian association must seek a response from their own minister, instead of talking to Indian trade bodies." Vasant Mehta, vice-president of the International Diamond Manufacturers' Association, said the Russian indignation would have no impact on India's diamond procurement plan and overall trade in precious stones.

Gokhran purchased approximately $924 million worth of rough diamonds from Alrosa in 2009 and is reportedly planning to buy $872 million this year.
Chhattisgarh coal block allocation faulty: CAG

Ejaz Kaiser
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RAIPUR: Irregularities in the allocation of a coal block in Chhattisgarh's Sarguja district has led to the loss of ₹1,052 crore to the state, a recent report by the Comptroller and Auditor General (CAG) has pointed out.

The opposition Congress has demanded a CBI inquiry into the matter.

The single bid accepted for the block at Bhatgaon II (extension) was from Nagpur-based SMS Infrastructure Ltd, a firm owned by Ajay Sancheti, the new BJP Rajya Sabha member.

IRREGULARITIES CAUSED LOSS OF ₹1052-CR TO THE STATE, OPPN CONGRESS DEMANDS CBI INQUIRY

In July 2007, the Centre had allotted two blocks—Bhatgaon II and Bhatgaon II extension—to the Chhattisgarh Mineral Development Corporation Limited (CMDC) for commercial mining. In 2008, the CMDC accepted bids for the blocks.

But the price accepted for Bhatgaon II (extension)—₹129 per metric tonne of coal excavated/sold—was vastly low. The accepted price for Bhatgaon II, which had similar quality coal, was ₹552 per metric tonne.

“The two blocks were contiguous and the quality of coal was similar,” said the CAG report, which was tabled in the assembly on April 4. “But despite being aware of the facts, the lower rate quoted by the single bidder in respect of Bhatgaon II (extension) was accepted.”

Bhatgaon II was also allotted to SMS Infrastructure, albeit at the higher price. However, in this case, two organisations were declared eligible for the block.

Sancheti, also the joint MD of SMS Infrastructure, said, “The allegations are baseless. My company will issue a clarification.”

CMDC chairman and senior BJP member Gauri Shanker Agrawal said the revenue loss cited was “hypothetical”, since the assessment of loss or profit can only be calculated once the work begins.

Earlier too, the names of the Sancheti brothers—Ajay and Anand—had hit the headlines. Ajay's name had figured in the Adarsh Housing scam.

In July 2007, the state commercial tax department had imposed a penalty of ₹47 crore on the company, but had waived the amount later.

“This is a political stunt by the Congress,” said BJP spokesperson Shivratna Sharma. “The report is yet to go to the Public Accounts Committee, whose decision will be significant.”
NALCO achieves highest-ever Bauxite and Alumina production

National Aluminium Company Ltd. (NALCO) has achieved the highest-ever bauxite production of 50.03 lakh tonnes, against the previous best of 48.79 lakh tonnes achieved in 2009-10. Besides, NALCO’s Alumina Refinery has produced 16.87 lakh tonnes of alumina hydrate against the previous best of 15.92 lakh MT achieved in 2009-10. B.L. Bagra, CMD, NALCO, said “The Smelter has achieved a capacity utilisation of 90 per cent since remaining of pots are under shut down since September 2011, due to coal constraint.”
Investors push for better corporate governance

BY RUCHIRA SINGH & AMRIT RAI

MINORITY shareholders and independent directors are starting to make themselves heard by management and force a reversal of key decisions in what analysts say are small, but significant steps towards improving corporate governance standards in India.

A rebellion at Coal India Ltd (CIL) last week in which independent board members and a minority shareholder challenged a government attempt to dictate terms to the state-owned miner is a case in point.

In February, the board of paint maker Akzo Nobel India Ltd was forced to cut the royalty payable to its Amsterdam-based parent in a victory for small shareholders, who were galvanized by corporate governance advisory firm InGovern.

"Corporate governance has been a big problem in India from Day 1. Most of the institutional investors work in cahoots with the promoters. Now there is some collective wisdom and people are realizing
Investors seek better governance

FROM PAGE 3

the power of institutional voting,” said Prithvi Haldea, founder chairman and managing director of Prime Database, a provider of information on primary capital markets. “These are small and initial steps. There is some assertion of rights by institutional shareholders. There is still a long way to go.”

Haldea said the government tends to run public sector companies as its field. Corporate governance gets short shrift at state-owned firms, yet still have takers in the stock markets owing to strong balance sheets.

“Small shareholders are getting active now as they are finding that they are getting ripped off by the dominant shareholders,” said T.V. Mohandas Pai, a former corporate director and an active investor. “The incidents that have happened are a wake-up call. It should make many more small investors question the drionic shareholder as they have a fiduciary responsibility towards them.”

In the case of CIL, the government issued a presidential directive that could be used to force the miner to guarantee the supply of 80% of the fuel requirement of power producers and pay penalties if it wasn’t able to meet the commitment. In the case of Akzo Nobel, the paint maker’s parent wanted a bigger portion of the profits repatriated.

Pai, in the role of an investor, said there are many other examples of firms in which small shareholders’ interests are compromised. He cited the transfer of risks associated with Vedanta Aluminium Ltd from London-based Vedanta Resources Plc to Sesa Sterlite—a company formed by the merger of Sterlite Industries (India) Ltd and Sesa Goa Ltd. Shareholders of the merged firm may not have been adequately compensated for bearing the risks, he said.

Tata Steel Ltd’s purchase of Anglo-Dutch steel maker Corus Group Plc in 2006 for $17.6 billion (around £9,000 crore today) may not be value accretive to small shareholders of Tata Steel in hindsight as Corus has been hit by a slowdown in the global steel sector, added Pai, a shareholder of Tata Steel.

InGovern suggested a proactive role for dominant shareholders in the case of Kingfisher Airlines Ltd, where the management is struggling to deal with a financial crisis under the burden of heavy debt and accumulated losses. In a recent newsletter, it said creditor banks must get together, call an extraordinary general meeting and appoint new directors.

On Monday, iGate Corp, said it accepted minority shareholders’ offer of $250 per share to delist its Indian unit Patni Computer Systems, at a price higher than what it paid to buy a controlling stake in the company. Last month, Reuters reported that Patni’s minority shareholders were trying to get a better price and investors were betting that iGate will yield to shareholder pressure.

Small investors in other instances have received some help. In CIL’s case, seven independent directors put their foot down on the directive to sign fuel pacts with power producers, guaranteeing 80% of their requirement.

“I haven’t come across independent directors on boc taking such a stand, at least not in public sector companies,” said Vinod Dhall, a former secretary in the ministry of corporate affairs and a former chairman of the Competition Commission of India. “If the independent board members have shown their independence, then it needs to be welcomed. Maybe this is a new trend which can help speed up reforms.”

The UK fund, The Children’s Investment Fund Management (UK) Llp (TCI), which holds shares in CIL, criticized the government for asking CIL to sell coal at 40% discount to prevent market prices, allotting coal blocks to the private sector and not giving speedy environmental clearance to pending projects for mining. “The Republic of India’s recent conduct with respect to Coal India has seriously impaired business activities and operations of Coal India and contravened each of the treaties,” TCI said in a notification for breach of the UK and Cyprus treaties that deal with mutual protection and promotion of investors.

In Akzo Nobel’s case, InGovern, a Bangalore-based advisory firm that assists institutional investors with analysis on corporate governance, encouraged the paint maker’s Indian investors into voting against the amount the management wanted to repatriate to its parent, forcing a reduction of the royalty.

“We did a thorough research and analysis. Some of the mutual funds asked for a report and opinion on the company,” said Shriram Subramanian, managing director of InGovern. “Akzo Nobel had multiple stakeholders. Our role was to make a strong recommendation for a simple decision.”

Akzo Nobel’s shareholders approved a reduction in the effective royalty rates to 2% of sales from an earlier agreed rate of 3%.

The stand taken by CIL’s directors and TCI persuaded the coal ministry to dilute the directive. It asked the coal miner to sign fuel pacts, but let the company fix its own penalty for any defaults. “We can fix nil penalty if we like,” said a director on the board of CIL, who requested anonymity.

“The sovereignty and the superiority of the board has been upheld by the presidential directive,” said Arun Kejriwal, director of equity research firm KRIS. “Also, the clause that only power plants with 20-year power purchase agreements are eligible to sign fuel pacts with electricity boards is a good hedge for the company.”

A board member of Hero MotoCorp Ltd, India’s largest two-wheeler maker, said shareholder activism is essential to ensure that management teams take the right decisions. “The share of individual shareholders is really minuscule and they are unable to exert pressure on the management because they don’t have access to the top management,” he added.

It is the institutional shareholders holding large stakes in companies that can do that, but have seldom done so. The reason is that most of them just want to make money and exit, the board member added.

“The lesson from this episode is if you have institutional shareholders on board, then better listen to them. Having independent board members alone doesn’t suffice,” he added.
अल्यूमीनियम के मूल में और गिरावट की सम्भावना

नरमी के कारण घृत भारत में अल्यूमीनियम घुलेक बाजार में 2,053 डॉलर प्रति टन पर भाव एलएम में नौ फीसदी गिरा

131-134 रुपये प्रति किलो पर है अल्यूमीनियम घुलेक बाजार में

लद्दा मेटल एसएसबीजे (एएमई) में अल्यूमीनियम के दाम इस दौरान कठोर 9 फीसदी सटा दिखाई दी शुक्रवार की 2053 डॉलर प्रति टन रह गए।

कचरालयों का आनुमानिक है कि दिन पर शुरुआती स्थिति के जारी रहने की संभावना कम होगी। घुलेक बाजार में भी रिट्रेट स्टेट ने मांग अधिक रहने से कठोर में गिरावट जारी रहने की संभावना है।

लद्दा मेटल एसएसबीजे (एएमई) के विपणन विभाग में सुधार बाजार में अल्यूमीनियम की कीमतें पर अनुकूल बाजार का असर है। भारतीय रिट्रेट ने उल्लेख किया कि विभाग तर दो साल के दौरान में बहुत सी बाजार अनुकूल रहे हैं।

अल्यूमीनियम के वस्त्र कटाक्ष ने बताया कि घरेलू बाजार में अल्यूमीनियम की कीमतें पर अवैध बाजार का असर है। इसके बाद में बहुत सी बाजार अनुकूल रहे हैं।
Private players can boost production, Plan panel tells Jaiswal

Montek moots PPP for mining Coal India blocks

PLANNING Commission Deputy Chairman Montek Singh Ahluwalia has asked Coal Minister Sripракash Jaiswal to enlist private mine developers expeditiously to explore Coal India Limited's (CIL) mines through the Public Private Partnership (PPP) route. Pitching for devising a transparent mechanism for fair selection of the private companies, Ahluwalia has offered the Plan panel's expertise since it has assisted other infrastructure ministries in drafting model concession agreements.

According to Ahluwalia, the idea was explored following his meeting with the Prime Minister and a discussion with Coal Secretary Alok Perti later. The coal ministry has now begun exploring the possibility of framing an agreement to rope in Mine Development Operators (MDOs), under which they would be entrusted to conduct exploratory drillings “on the basis of agreed costing” to be determined through competitive bidding. “I think this is a very valuable initiative at a time when it is of utmost importance that we increase domestic coal produc-

Montek Singh Ahluwalia, Deputy Chairman, Planning Commission

which is vetted by an inter-ministerial group and thereafter approved by the Union Cabinet. “This model can take into account the experience gained in different sectors and the lessons that have emerged so far,” the deputy chairman said in his letter.

The UPA government had earlier tried to introduce commercial mining of coal by seeking to amend the Coal Mines Nationalisation Act 1973 and had even introduced a Bill to this effect in Parliament. But in the wake of stiff opposition from the CPI-M and other left parties, the Centre finally withdrew. The Coal Bill 2000 is pending in the Rajya Sabha ever since. Since CIL is headquartered in Kolkata, Mamata Banerjee-led Trinamool Congress government in West Bengal is also unlikely to take any such move kindly.
Hind Copper

New Delhi, April 8:
State-owned Hindustan Copper is planning to raise $250 million (Rs 1,250 crore) in this quarter through overseas borrowings to part-finance its expansion activities.
Apex court to expedite hearing of Odisha’s plea on Sterlite

Press Trust of India

New Delhi, April 9

The Supreme Court today agreed to expedite its hearing of Odisha Government’s appeal against the Centre’s decision to withdraw its environmental clearance to Vedanta group firm Sterlite for its bauxite mining project in Niyamgiri Hills.

A special forest bench of Justices K. S. Radhakrishnan and C. K. Prasad said it would take up the matter for final disposal before the ongoing summer vacation after the senior counsel, Mr K K Venugopal, submitted that the “investment and rehabilitation measures was being affected” on account of the Centre’s act of withdrawing the clearance.

SPEED, OF ESSENCE

Appearing for the state, Mr Venugopal said the “matter needs to be expeditiously” heard by the bench and alleged that the decision to withdraw the clearance was done by the Centre in an arbitrary manner.

He submitted that the order was passed a day before the then Environment Minister, Mr Jairam Ramesh, was shifted to the Rural Development Ministry in July last year.

The apex court had earlier in August last year had refused to accord any early hearing on the matter but had posted the appeal for final disposal in January this year.

Mr Venugopal, pleaded that the matter be adjudicated at the earliest as the multinational company is withholding the amount to be invested for the development of tribal areas in the light of uncertainty of the project.

In its appeal, the State had submitted that it had planned to build schools and dispensaries in the tribal areas around the mining site, which the company had promised to fund.

The court was hearing a petition filed by the state government and the Orissa Mining Corporation (OMC) challenging the Ministry of Environment and Forests (MoEF) decision to revoke its forest clearance to the project.

The Orissa government had moved the apex court on August 1 against the Centre’s move accusing it of withdrawing the environmental clearance in an “arbitrary manner”.

The order “has been passed in a wholly arbitrary manner and it was difficult to understand the need and urgency for issuing the present order of July 11 (2011) to withdraw the environmental clearance itself,” the OMC had said in its plea.

The Ministry of Environment and Forests (MoEF) withdrew the clearance a day before the Cabinet reshuffle, which had seen Mr Jairam Ramesh moving to rural development ministry from Environment Ministry.
Metal stocks down on China inflation worries

Sector index slips 391 points on the BSE

Manisha Jha
Mumbai, April 09

Metal stocks were hammered at the bourses on Monday. This was because of disappointing inflation data from China, the biggest buyer of base metals in the world.

The metal sector index fell by 391 points or 3.44 per cent on the BSE on Monday at 11,356 while the broader Sensex fell by 1.51 per cent or 264 points to settle at 17,223. Hindalco, Jindal Steel and Sterlite were the top three losers in the sector. Hindalco was down by 5.18 per cent at Rs 126.20, Jindal Steel was down at 4.39 per cent at Rs 507.70 and Sterlite was down by 4.34 per cent at Rs 108.80 on the BSE. Of these three, Jindal Steel has the highest weight in the metal index at 15 per cent.

According to government data released in China, the country's inflation rebounded at 3.6 per cent in March from 3.2 per cent in the previous month.

"Chinese inflation rose above expectation. It hinted that the government may not rush towards any stimuli, which caused selling pressure in metal stocks as China is the largest consumer of metals especially base metals," said Mr. Alex K Mathews, Head Technical and Derivatives Research, Geojit BNP Paribas Financial Services.

Disappointing inflation data from China aside, the country's falling imports of crude oil and base metals in this quarter have also contributed to the downward sentiment in the metal market, according to Mr Nitin Nachani, Research Analyst at Geojit Comtrade.

However apart from global factors, domestic market sentiments also contributed to the fall in metal stocks on Monday. “All the negative news over the last four days when the markets were shut was felt when the markets reopened on Monday. FIIs buying in our markets has come down drastically recently and its impact is being seen on metals as it is one of the high beta counters," added Mr Nachani.

At Angel Broking, the neutral rating for metal stocks has been retained. “We don’t see an upside on most of the metal stocks,” added Mr Bhavesh Chauhan, Analyst, Metals and Mining at Angel Broking.

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Copper drops on speculation

Bloomberg
April 9

Copper in China declined after consumer prices in the world's largest base metals user increased more than forecast last month, boosting speculation that the government may not add further stimulus.

The metal for delivery in July closed 1 per cent lower at 59,840 yuan ($9,487) a tonne on the Shanghai Futures Exchange. May-delivery copper on the COMEX fell 0.4 per cent to $3,779 a pound at 3:04 p.m. Shanghai time. The London Metal Exchange is closed for a holiday on Monday.

Consumer prices in China rose 3.6 per cent from a year earlier, the National Bureau of Statistics said. That was more than the median 3.4 per cent estimate in a Bloomberg survey of 33 economists. The producer price index, or PPI, fell 0.3 per cent, the bureau said. That was the first drop since November 2009 and matched the median forecast in the survey.

On the COMEX, net-long positions, or wagers on rising prices, held by funds were 18,642 futures and options contracts as of April 3, compared with 14,893 a week earlier, according to the US Commodity Futures Trading Commission.
Hopes of China Easing Support Copper Prices

SHANGHAI Shanghai copper slipped on Monday, under pressure from a rising rate of inflation in China, but losses were limited on hopes that the world’s biggest user top will go ahead with further monetary policy easing. Data showed China’s annual consumer inflation rose a faster-than-expected 3.6% in March, with volatile food prices leading the increase. The most-active July copper contract on the Shanghai Futures Exchange slipped 0.8% to close the session at 59,840 yuan ($9,500) per tonne. “Hopes for more monetary easing and stimulus by Beijing are helping to support Shanghai copper even though the macroeconomic outlook and its own demand fundamentals are bearish,” said Antaike analyst Yang Changhua. – Reuters
‘एनटीपीली के प्रोजेक्ट को मंजूरी मिले’

नई दिल्ली। ऑपीसा में विभिन्न उपग्रह कंपनियों एनटीपीली की सलाह के तहत 70 लाख टन खनन परियोजना को कुछ तारीखों के साथ पारीथरण संबंधी मंजूरी देने की सूचना मिली है। नई दिल्ली पारीथरण मंडल की एक समिति द्वारा दी जानी है। सूचना ने कहा, "समिति विशेष आकलन ने परियोजना को पारीथरण संबंधी मंजूरी देने की सूचना की है, लेकिन स्थानीय ही उससे खनन कार्यक्षेत्र के भीतर पाए गए बन भूमि के लिए चरण एक बन की मंजूरी लेना अनिवार्य होगा।"