CEC seeks State’s reply over demand for CBI probe

NEW DELHI, DHNS: The Supreme Court-appointed Central Empowered Committee (CEC) has sought a response from the Karnataka government to the demand for a CBI probe into the entire gamut of mining activities that took place in the State since 2002.

Following a petition filed by T J Abraham, a resident of Bangalore, the CEC has written to the Karnataka chief secretary seeking a reply to the petitioner’s allegations.

Abraham had pleaded before the CEC that mining activities, including dereserving of forests and granting of permission for mining by past governments headed by former chief ministers S M Krishna, Dharam Singh and H D Kumaraswamy, should be probed.

Welcoming the CEC recommendations to the Supreme Court to probe the charges against former chief minister B S Yeddyurappa and his family members, the petitioner said as several controversial decisions on mining were also taken by past governments, they too should be brought under the ambit of the CBI.

In 2002, the government headed by Krishna decided to dereserve forest areas for mining. The decision was against the Supreme Court order of 2000 which ruled against dereserving forests or sanctuaries for ore mining, the petitioner said.

He also brought to the CEC’s notice that the files pertaining to decisions on reserving of forests were missing, and said that it was a “deliberate” act to suppress facts.

“The magnitude of illegality, criminality and corruption evidenced in the transactions of Krishna, Dharam Singh and Kumaraswamy governments is more than 100 times the size of corruption charges levelled against Yeddyurappa and his family members,” he said.
Hindalco: Capacity expansion is key
Q4 results show better volumes and realisations, but the pain is not over yet

Over the past year, shares of Hindalco have fallen 45 per cent compared to a 13 per cent fall in the Sensex. Hindalco’s underperformance to the Sensex has continued even over the past couple of months, a period when other metal stocks staged a recovery of sorts. Though the company reported better-than-expected numbers, the market believes there are no real triggers to support the stock price in the near term as new projects are expected to see more delays.

The company has shown an improvement in its operating profit in the fourth quarter, as both aluminium and copper volumes are up. The improvement is primarily due to improved realisations due to a better product mix, higher copper production and cost control. This has also helped the company shore up its bottomline. Its earnings before interest, depreciation, tax and amortisation has come in at ₹660 crore, about 16 per cent higher than expectations. The Street was expecting a standalone profit after tax of ₹480 crore, but the company has clocked ₹640 crore. Though this is down 10 per cent year-on-year, Hindalco has seen better aluminium volumes, improvement in the copper TC/RC (treatment and refining cost) and an increase in other income.

While aluminium prices are expected to improve to $2,400/tonne in FY14 and Novels is also expected to show an improvement in profitability, there are concerns over completion of projects. That the company has not shared details of project progress in the quarterly release, has also worried markets. CLSA says: “The company’s three new projects — Mahan smelter, Utkal alumina refinery and Aditya smelter — have already seen delays of 9-15 months and we see risks of further delays. Hindalco was targeting commissioning of Mahan smelter in Q1 FY13 but is yet to achieve the milestone.”

Analysts also believe the company has reached the peak of its current capacity and growth will only come from new capacities. According to MFSL Research, given the ongoing delays in capital expenditure, sales growth will taper in the coming quarters.
Sesa Goa shareholders to meet over Sterlite merger

MUMBAI: Sesa Goa said on Wednesday that its shareholders will meet on June 19 for approving the proposed merger of Sterlite Industries and other group firms as announced by its parent firm Vedanta Resources in February. The meeting has been convened following a direction by Goa bench of the Bombay High Court. PTI
Mining scam: 15 lease holders may not face charges

JOHNSTON A
BANGALORE, MAY 9

THE CBI is unlikely to book the 15 lease holders whose mines were taken over by an alleged mafia operated by former Karnataka minister G Janardhan Reddy between 2008 and 2010 in an illegal mining scam case.

The CBI chargesheet, which is to be filed in court before May 30, would focus on loot of iron ore through illegal encroachments by Reddy's Associated Mining Company (AMC) rather than on forcible takeovers that also generated illicit iron ore for the company, sources said.

The company, CBI investigations have found, sold or exported nearly 45 lakh tonnes of iron ore valued at over Rs 2,000 crore between 2008 and 2010, when Reddy was a minister in the BJP government, though its mines in Bellary had extracted only 40,000 tonnes. “Using laser technology the actual amount of iron ore mined by AMC at its own mining lease site has been leased and it has been found that it is only a small fraction of the total production shown by the company. The remainder has come from illegal sources,” the sources said.

Most of this illegal ore — 32.9 lakh tonnes valued at about Rs 1,700 crore — came from encroachments on a disputed and abandoned mining site called Dalmia Mines and some from the 15 mining leases forcibly taken over by Reddy's mafia.

The CBI had been mulling whether to prosecute the 15 lease holders for “facilitating” illegal mining. “What we have found is that the lease holders who entered into contracts with the Janardhan Reddy group to outsource mining on their government-leased properties were coerced into doing so. In many cases they did not receive what was their promised share. It would be unfair to charge them as well in the illegal mining case,” the sources said.

The CBI began probing charges against Reddy's firm after a September 2011 order from the Supreme Court.
STERILE MERGER: SESA
GOA TO DECIDE SOON

Mumbai: Sesa Goa on Wednesday said its share-
holders will meet on June 19
for approving the proposed
merger of Sterlite Industries
and other group firms as
announced by its parent firm
Vedanta Resources in
February. “A meeting of the
equity shareholders of Sesa
Goa is being convened and
will be held on June 19, 2012,
for the purpose,” it said.
Aditya Birla Group Bids for Australia-Listed Northern Iron

NISHA PODDAR
ET NOW

Aditya Birla Group, the cash rich conglomerate headed by Kumar Mangalam Birla, has submitted a non-binding bid for buying Australia-listed iron ore producing firm Northern Iron, two sources with direct knowledge said.

Northern Iron is expecting a valuation of close to $300 million, sources said. A source at Aditya Birla Group said, "We are in the process of examining the mines, it looks like an attractive asset." Aditya Birla Natural Resources is said to be the arm through which the acquisition process has been initiated.

Tuhin Mukherjee, managing director of Aditya Birla Natural Resources, said, "In line with our media policy we do not comment on market stories." Northern Iron's spokesperson Harald Martinsen said, "The company is currently undertaking a 'strategic review' with Goldman Sachs as our financial advisor. We expect the process to be completed by July this year."

Northern Iron, which has operational mines in Norway, is listed on Australian Stock Exchange with a market capitalisation of Australian $370 million. It has an annual production capacity of 2.2 million tonnes of iron ore from its Sydvaranger Iron Project in northern Norway and is in the process of doubling capacity.
IB: Naxals eye mineral mines for cash

RAJNISH SHARMA
NEW DELHI, MAY 9

Naxals have now virtually gained control over illicit mining of not just coal but also minerals, including the cash-rich iron ore, across states of their dominence. The annual turnover from this illegal trade, that runs into hundreds of crore, is being pumped into financing the armed operations of the Maoists.

This startling revelation has been made in a recent Intelligence Bureau report sent in the key central ministries and Naxal-infested states in an attempt to sensitise them against the growing financial clout of the Maoists through this illicit means. The Central intelligence agencies had cautioned the various stakeholders almost two years ago also about the growing influence of Naxals in illegal coal mining.

But now, as the report states, details of which have been accessed by this newspaper, the Naxals have grown manifold, multiplying not only their annual turnover but also covering the entire illegal mining and coal business. According to the intelligence report, “This only goes on to prove that security agencies have not been able to control the growing influence of Naxals in this cash rich illegal business that has given them a cutting edge.”

In another shift of strategy, the confidential report adds, the Naxal are not relying on contractors or mafia to collect money from illegal mining, instead they have now roped in their own overground workers who are directly carrying out mining operations.

“This means more money for the Naxals. As earlier the contractors or the mafia controlling the business used to give only a percentage to the Naxals as part of protection money. But now the entire sale proceeds go to Maoists,” a top intelligence official said.

As expected the worst-hit states are the mineral rich Orissa, Jharkhand, Chhattisgarh, and Bihar. But there are pockets in other states with a sizeable Naxal presence where they are making huge profits from the mining operations.