

### **Nalco, Hindustan Copper pay dividend to mines ministry**

National Aluminium Company (Nalco) and Hindustan Copper have paid a dividend of ₹257.72 crore and ₹92.14 crore respectively to the mines ministry for 2010-12. Both companies have registered significant increase in their profits during last fiscal. While, Nalco earned ₹1,069 crore profit after tax during 2010-11, HCL earned a profit of ₹335.21 crore.



## **NALCO DECLARES DIVIDEND OF ₹257.7 CRORE**

**AGE CORRESPONDENT  
BHUBANESWAR, OCT. 18**

Central navratna public sector unit, Nalco, on Tuesday has declared a total dividend payout of ₹257.7 crore. It includes the final dividend of ₹0.50 per equity share capital i.e. 10 per cent on face value of ₹ 5 each, in addition to interim dividend of ₹2.00 per equity share paid on pre-revised equity share capital i.e. 20 per cent on face value of ₹10 each, a Nalco release said. This sum is 60 per cent higher than ₹161.1 crore paid for the previous fiscal. The company has earned a profit after tax of ₹1,069 crore for the year 2010-11. Since inception, Nalco has paid ₹3,940 crore as dividend, including ₹3,435 crore as share of the Centre. The dividend servicing after recent split and bonus has thus improved due to better business environment. The final cheque amounting to ₹112.30 crore on the 87.15 per cent shares held by the Centre was handed over to the mines minister, Mr Dinsha J. Patel by Nalco's CMD, Mr B.L. Bagra, in New Delhi on Tuesday.

CONFIRMATIONS, IT SAID.

## HCL ANNOUNCES DIVIDEND OF ₹46CR

New Delhi: State-run Hindustan Copper (HCL) on Tuesday paid a final dividend of ₹46.07 crore to the government for the financial year 2010-11. The dividend cheque was handed over to the mines minister, Mr Dinsha J. Patel, by HCL chairman and managing director, Mr Shakil Ahmed. "For the financial year 2010-11, the company has declared a total dividend of 20 per cent, including an interim dividend of 10 per cent amounting to ₹46.07 crore," the statement said.

## PRICE CARD

As on Oct 18	International	Domestic
<b>METALS (\$/tonne)</b>		
Aluminium	2,210.00	2,596.35
Copper	7,566.00	9,107.51
Nickel	18,755.00	22,413.79
Lead	1,990.50	2,292.09
Tin	22,000.00	26,267.75
Zinc	1,900.00	2,413.79
Steel-HRC	685.00	892.59
Gold (\$/ounce)	1,646.88*	1,677.56
Silver (\$/ounce)	31.06*	33.14

### ENERGY

Crude Oil (\$/bbl)	110.94*	110.72
Natural Gas (\$/mmBtu)	3.66*	3.69

### AGRI COMMODITIES (\$/tonne)

Wheat	230.81	219.03
Maize	254.18*	202.03
Sugar	708.80*	606.09
Palm oil	985.00	1,100.41
Rubber	3,882.23*	4,359.21
Coffee Robusta	1,915.00*	2,089.46
Cotton	2,201.31	2,243.49

Conversion rates: 1) 1 ounce = 31.1032316 gm  
2) 1 US dollar = ₹49.30 \*As on Oct 18, 1800 hrs IST

Notes: 1) International metal are LME spot prices and domestic metal are Mumbai local spot prices except for steel.

2) International crude oil is Brent crude and domestic crude oil is Indian basket.

3) International natural gas is Nymex near month future & domestic natural gas is MCX near-month future.

4) International wheat, white sugar & coffee robusta are LIFFE future prices of near-month contract.

5) International maize is MATIF near month future, rubber is Tokyo-TOCOM near-month future and palm oil is Malaysia FoB spot price.

6) Domestic wheat & maize are NCDEX future prices of near-month contract, palm oil & rubber are NCDEX spot prices.

7) Domestic coffee is Karnataka robusta and sugar is M30 Mumbai local spot price.

8) International cotton is cotton no.2-NYBOT near-month future & domestic cotton is NCDEX spot prices.

9) International metals, Indian basket crude, Malaysia palm oil, wheat LIFFE and coffee Karnataka robusta pertains to previous days price.

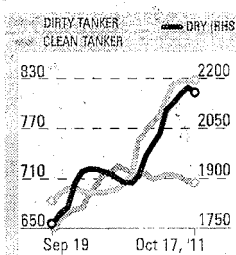
Source: Bloomberg

Compiled by BS Research Bureau

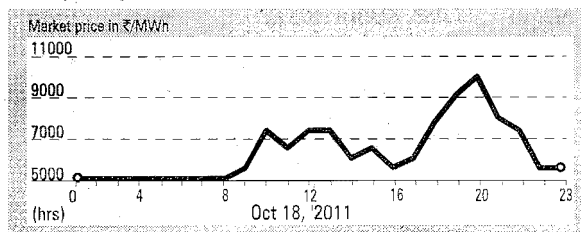
## BALTIC EXCHANGE INDICES

	Oct 17, 11	chg%*
Baltic Dry	2,160	-0.60
Baltic Supramax	1,606	0.75
Baltic Panamax	2,095	0.53
Baltic Capesize	3,539	-1.34
Baltic Handysize	826	0.49
Baltic Clean Tanker	704	-0.28
Baltic Dirty Tanker	828	0.24

\* over previous close



## ELECTRICITY TRADING AT IEX



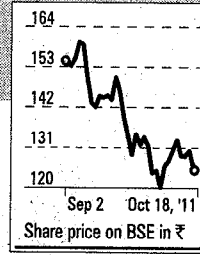
**Hindalco**

CURRENT: ₹125

TARGET: ₹119.5

There is critical support at ₹124. If that is broken, Hindalco will test its 52-week low of ₹119 and possibly break it. Keep a stop at ₹128 and short.

Add to the position between ₹122 and ₹124. Start booking profits below ₹119.5.



—Devangshu Datta

*The target price and projected movements given above are in terms of the next one trading session, unless otherwise stated*

## ArcelorMittal Kickstarts Mining in Jharkhand

**ANUPAM SHESHANK**  
RANCHI

ArcelorMittal India, the local unit of the world's largest steel-maker, has started drilling op-

erations at the Seregarha coal block in Latehaar district of Jharkhand, signalling that work toward setting up the proposed 3 million tonne steel plant may have finally started.

ArcelorMittal has already applied for permission to the Jharkhand government for commencing drilling operations at the Karampada iron ore mines in West Singhbhum district. The drilling operations or the geophysical prospecting would help the company assess the availability of coal and iron ore at these two mines for which ArcelorMittal has already obtained prospecting licences.

According to people familiar with the matter, drilling at Seregarha is likely to be completed by December 2011, following which the company would submit a geophysical report and mining plan to obtain the mining lease. The company is already trying to get forest and private land in and around the allotted coal block and expects to start production from Seregarha from 2014, said the people. ArcelorMittal signed an agreement with Jharkhand to build a 12 million tonne integrated steel plant in 2005 but later scaled down the project size to 3 million tonnes. The company has been given prospecting lease for two iron ore mines and for the Serhegarha coal block.



## Glencore Int in Talks to Acquire 24% Stake in Cronimet Alloys

VIJAY GURAV & M V RAMSURYA  
MUMBAI

Metals and energy giant Glencore International is in talks to buy 24% stake in Indian ferro chrome maker Cronimet Alloys, people with knowledge of the development told ET.

A deal, which they said could be for ₹50-75 crore, would mark Switzerland-based Glencore's entry into India. Ferro chrome is an important raw material for making stainless steel, which has wide usage in emerging powerhouses India and China.

A spokesperson for Glencore said the company will not comment on speculation. The company had raised about \$11 billion through a public offering of shares in May to fund foreign acquisitions.

Cronimet, which did not respond to queries sent by ET on the deal, had said at a recent annual general meeting that it has mandated Euromax Capital to scout for investors. It had also said that Glencore had shown "interest" in picking up a stake.

An investment banker in the know of the deal said Cronimet's promoters would offer part of their 70.5% stake to Glencore at a premium to the company's current share price.

Cronimet's shares have jumped about 46% in the last three weeks. On Tuesday it closed 2.7% up on the Bombay Stock Exchange at ₹138.6, valuing the company at ₹170 crore.

The development is also in line with Glencore's acquisition plans. The minerals company is already in the race for a majority stake in mining firm Xstrata.

The \$145 billion Swiss company can bring in chrome ore and convert it into ferro chrome at Cronimet's facilities in Andhra Pradesh.

Cronimet, formerly known GMR Ferro Alloys, is setting up a 165,000 tonne high carbon ferro chrome project at Kolathpangi in Orissa.

Two-third of the project cost of ₹330 crore will be financed by a consortium of banks including SBI, State Bank of Travancore, Central Bank of India and Uco Bank.

The company has also issued convertible warrants amounting to ₹54 crore on a private placement basis to part-finance the expansion project. Its current capacity is about 30,000 tonne.

A senior executive of a stainless steel maker said, "There is an increased likelihood of foreign players coming to India as emerging markets are the only place where demand for steel and stainless steel has been growing."

The cost of power in India is less than that in other countries, the executive added.

Cronimet consumes about 3,500 units of power to make a tonne of ferro chrome.

The company buys power from the Andhra Pradesh State Electricity Board at an average cost of ₹2.75 a unit.

A recent report by Greshma Research says Cronimet is on a "growth trajectory and its expansion plans are scheduled to be completed in two years. Major challenges such as land acquisition have been taken care of. Apart from this, the company is looking at ramping up its backward integration operations to reduce operational costs and improve margins."

Backward integration typically implies owning ore that would reduce costs and smoothen supplies to the smelters in Andhra Pradesh.

The development is also in line with Glencore's plan. It is in the race to acquire mining company Xstrata.

Cronimet Alloys, which has manufacturing facilities in Andhra Pradesh, makes high carbon ferro chrome, which is used by the stainless steel industry.

It was formed when GMR Industries spun off its metallurgical division in 2006.

**Cronimet's promoters may offer part of their 70.5% stake to Glencore at a premium to company's current share price**

## Chinese economic data drag copper

Reuters

London, Oct. 18

Copper fell on Tuesday after top metals consumer China's economic growth data came in a touch lower than expected and on concerns about its biggest trading partner Europe's festering debt problems. Three-month copper on the London Metal Exchange was \$7,294 a tonne in official rings, down around 2.7 per cent from \$7,495 at the close on Monday.

### POOR FUNDAMENTALS

Zinc fell to its lowest in around two weeks, and was \$1,854 a tonne in rings from \$1,903 at the close on Monday.

The metal, used to galvanize steel, is perceived to have the poorest fundamentals among

base metals. Recent data from the International Lead and Zinc Study data shows the global refined zinc market will have a 317,000 tonne surplus this year and 135,000 tonnes surplus next year.

"The market seems pretty short right now, I think that's why we had the run-up in the last few days," a trader at the LME said. "The market was running a bit too short so we've had a few people stopping out."

Aluminium was \$2,183.50 in rings from a close of \$2,217, lead was \$1,935 a tonne from \$1,986, nickel was \$18,550 a tonne from \$18,995. Tin, untraded in rings, was bid at \$20,625 a tonne from \$21,495 at Monday's close.



*Industry reels as  
power crunch bites*

**V. Rishi Kumar**

*Hyderabad, Oct. 18*

Industries across the country are faced with power-cuts and forced holidays. The domestic sector supplies too have been affected particularly in Southern States.

The available generation capacity is not being optimally used for want of adequate coal supplies and gas.

There is a huge peak demand supply mismatch with difficulties in feedstock supplies. This has been complicated by difficulties in securing clearances for new coal mines hitting environmental hurdles and in stepping up gas output. Coal supplies are under pressure and about 65 per cent of the total power generated relies on the fuel.

Business Line brings you an **Update** on the power situation across the country. **Turn to Pages 18 and 19.**

# Goa denies PIL charge of excess mining

Special Correspondent

2010-11.

**PANAJI:** The Goa government on Tuesday filed a reply in the Goa Bench of the Bombay High Court regarding the Public Interest Litigation (PIL) by the Goa Foundation over illegal mining claiming that the extraction, which the petitioner had questioned, was from dumps and excess mining did not take place.

The affidavit was submitted on behalf of Director of Mines and Geology Arvind Jolekar in the course of the hearing on the PIL which, *inter alia*, demanded implementation of comprehensive Information and Communication Technology (ICT)-based system of monitoring and control of the mining production, transport, and sale of mineral ores produced in the State within a time-bound period.

The department has given an undertaking that royalty would not be accepted over and above the quantity stipulated for the mine in the Environmental Clearance (EC) and no-objection certificate (NoC) would not be issued to mines whose production exceeded EC limits.

Referring to the summarised statements of 2009-10 and 2010-11 (EC) limits, production and exports, submitted by the petitioner, the department said that the production as seen from the statement appeared to have crossed EC limits. However, on scrutiny of the records, it was seen that fresh production or production generated because of excavation at the mine site was 34.93 million tonnes and production due to handling of dumps was 12.60 million tonnes in 2009-10, and fresh production was 32.93 million tonnes, and production due to dump handling is 15.45 million tonnes for

## 'Within limits'

As such, it said that the overall production of fresh excavation had not exceeded the rated capacity stipulated in the EC. It said that an exercise was undertaken to verify whether any individual mine had exceed the EC limits based on the monthly returns filed by the lease-holders in respect of their leases, and it found only one case during the year 2010-2011 where production has exceeded EC limits by 6,000 tonnes approximately. The production of earlier years was under verification for updating, it stated.

Giving the history of dumps at the sites of mines since 1950s, the Department contended, that when China opened up its market to 45 per cent Fe, not only was the freshly excavated mineral ore exported but mining companies started re-handling these

old dumps since these consisted of ore of grade less than 58 per cent Fe, which were earlier rejects but now had market for export. It was because of these re-handling of old dumps that the production appeared to be inflated in excess of EC limits. It brought to the notice of the court that the department had recently stopped handling/re-handling of dumps.

The department admitted that of the 410 mineral traders registered under these rules, who are required to submit monthly returns in Form B and C with details of stock/storage/sale and the details of export, those who did not file returns would be issued notices soon.

• **RIFD will make ore monitoring a foolproof system**

• **No royalty will be accepted above quantity stipulated**

In order to ensure that no ore was exported without payment of royalty and without disclosing the source of ore, the NoC system had been introduced whereby no ship carrying iron ore was allowed to sail without having a "No Objection Certificate" issued by the Directorate of Mines and Geology.

The Department has given an undertaking to the Court that in order to ensure that the production does not exceed the EC limits, no royalty would be accepted on mineral ore produced exceeding EC limits based on the returns submitted by the lease holders.

Since the magnitude of mineral ore transportation is

huge — to the tune of 48 million tonnes as in 2010-11 — which takes place within a radius of 30 km, it is difficult for the Department to keep accurate and timely checks on the transportation of ore. In order to overcome the problems of transportation, overloading of trucks as mentioned in the petition, the Department is introducing a system of monitoring the mineral ore transportation from the mines right up to the loading jetty sites by installing an electronic monitoring system known as Radio Frequency Identification (RFID) System. This system, it claimed, will make the mineral ore transportation monitoring a foolproof system giving no scope for tampering and manipulating of the details.

For the installation of the system and for making it operational for the whole of Goa, it would require not less than three months since it will in-

volve installation of infrastructure, building up of software, and training the staff for the supervision. On October 10, the Department has informed all the mining companies about the working of the RFID System and the manner in which it shall be implemented.

## 'Minimal evasion'

The department claimed in the affidavit that evasion of royalty on mineral ores in Goa was minimal. Notwithstanding the affidavit presented in the court on Tuesday, the implementation of the RFID has run into rough weather as the Goa Mineral Ore Exporters' Association — the body representing iron ore exporters — last week promptly rejected the Department's request to it to take up the responsibility of implementation stating it was not a monitoring authority.

On the department's NoC being made mandatory for vessels at the ports, the Goa-based Momrugao Port, the country's major iron ore exporting port, recently picked holes in the NoC system and instead called for strict measures by State and Central agencies to control illegal mining and exports through joint collaboration.

On the issue of extraction of ore removed from dumps, the Goa State Pollution Control Board officials told *The Hindu* last week that they had sought the advice of Solicitor-General Rohinton Nariman on whether the removal of ore from dumps needed separate EC. Director of Mines Loliyekar told *The Hindu* on Tuesday that Goa Advocate-General Subodh Kantak had ruled out the need for separate EC. But the State Law Department was awaiting the Solicitor-General's opinion.

## Goa affidavit states no ore coming from Karnataka

Special Correspondent

**PANAJI:** The Goa Mines and Geology Department on Tuesday filed an affidavit in the Bombay High Court in Goa on a Public Interest Litigation (PIL) over illegal mining, stating that there was no ore coming to Goa from Karnataka for over 18 months.

The PIL was filed by Goa Foundation, a local environment NGO. The government affidavit admitted that some ore was entering Goa from Maharashtra. The royalty on this mineral ore was payable only once and that was at the site of extraction.

Therefore, the Goa government did not collect any royalty on this ore but the Transport Department collected transport cess on this mineral.

### Entry check

To monitor the entry of this ore in Goa, the government was considering setting up an entry check. Setting up of RFID system might not be possible as the ore transporting truck was required to be registered and should have a monitoring unit. Such registration could not be imposed on trucks coming from outside the States,

said the Department of Mines and submitted that the government was thinking of setting up an entry checkpoint manned by its officials, who would verify that the mineral cargo was accompanied by transit pass or geological permit, as the case might be, issued by the Directorate of Mines and Geology from the States of origin.

### Evasion of duty

On the issue of evasion of duty raised in the PIL, the affidavit filed by Director of Mines Arvind Loliyekar stated that mining in Goa had been going on for over

six decades, was well-organised and the exports data indicated that evasion of royalty on mineral ores was minimal.

The issue of Karnataka ore in the context of the ongoing controversy over Goa's illegal mining assumed significance as the report of the Karnataka Lokayukta on illegal mining, which forced B.S. Yeddyurappa to resign as Chief Minister, has made specific mention of high grade Karnataka ore having made its way to Goa in huge quantities in the recent years in the name of local use but had been exported through Goan ports.

# Schools reopen, coal miners back to work in Telangana

## More unions fall in line

M.L. Melly Maitreyi

**HYDERABAD:** Schools across the Telangana region reopened and thousands of coal mine workers resumed work on Tuesday, calling off their agitation even as the general strike called by the Telangana Joint Action Committee (T-JAC) entered its 36<sup>th</sup> day.

About 52 lakh students and two lakh teachers were back at school in about 40,000 institutions, both government and private, in the region.

In the Singareni Collieries, 1.5 lakh miners reported to work in shifts and daily production is expected to reach the normal capacity of 1.5 lakh tonnes soon. This will considerably ease the power situation with thermal generation showing signs of improvement.

With the A.P. State Road Transport Corporation operating full-fledged services since Saturday, the impact of the strike has largely eased, paving way for restoration of a semblance of normality in the beleaguered region.

After the breakthrough achieved by the government in persuading bus crew, coal miners and school managements, several other unions have fallen in line. On Tuesday, Social Welfare residential school teachers and members of the Telangana Government Junior Lecturers' Association withdrew their agitation after talks with Social Welfare and Education Ministers Pithani Satyanarayana and K. Parthasarathy respectively.

• **Power situation likely to improve soon**

• **APSRTC operating full-fledged bus services**

They assured the government that they would report for duty from Wednesday and work on holidays to compensate for the loss of 17 days. The government also agreed to consider their various service-related issues.

### TEJAC to continue stir

However, the Telangana Employees Joint Action Committee (TEJAC), which works in close coordination with the political JAC led by M. Kodandaram of the Telangana Rashtra Samiti, has stuck to its stand to continue with the strike until a road map for a separate State is announced.

The Secretariat Telangana Employees Association also continued its protest. It deplored Congress MLAs and Ministers for not showing the resolve to continue the agitation after seeking the employees' support for the general strike. The employees had been agitating to reflect the aspirations of the Telangana people, and not for personal goals, at risk of disciplinary action, the association said.

Its president Narender Rao said different unions, which suspended their strike, would join the movement later, if necessary.

## Industry body presses govt for regular iron ore supply

TO avoid long term shortage of downstream products like steel pipes, thanks to drastic production cuts by hot-rolled coil producers, the Federation of Industries of India (FII) has urged the mines ministry to

ensure regular supply of iron ore to them. Warning about its long-term affect on the overall industrial growth, FII secretary general H L Bhardwaj said, "The government should immediately intervene and

help save the downstream steel-consuming industry from the crisis by maintaining regular iron ore supply to plants to avoid a serious setback to growth in housing and infrastructure sectors." **BS REPORTER**