

State for probe into mining since 2000

Cabinet may ask the Lokayukta to complete the investigation within the next one year

Asha Krishnaswamy

BANGALORE: The State Cabinet will ask the Lokayukta to investigate mining activities in Karnataka from the year 2000 and submit a report to the government.

The latest report of the anti-corruption watchdog mainly covers iron ore extraction and its transportation in parts of the State from the year 2008.

The Cabinet decision taken on Tuesday states: "The Cabinet noted that the latest Lokayukta report largely covered mining activities undertaken from the year 2008 onwards; whereas the terms of reference clearly specify the investigation year is 2000 on-

wards. Hence it was resolved to request the Lokayukta to expeditiously investigate and report in respect of each of the terms of reference earlier made."

This implies the terms and reference will remain as they were sent to the Lokayukta earlier. At present, no deadline has been fixed for the ombudsman to submit the report. But the Lokayukta may get a maximum of one year to conduct the investigation as the ruling Bharatiya Janata Party wants the report on hand before going to the next Assembly elections.

The mining scam has dented the image of the BJP. The damning Lokayukta report has left the party shattered and

weak. It is of the view that the Lokayukta, in its second report, should have also mentioned the mining activities and the decisions taken by then Congress government in 2000.

The question is why did the Lokayukta not investigate or focus more on mining-related activities prior to 2008? According to official sources, the investigation is from 2006 and not just 2008. The government made records available to the Lokayukta on mining-related issues from 2008. Had the Income Tax department not seized documents from the offices of Reddys and his associates, then the Lokayukta police would not have had much evidence on illegal mining.

With the Cabinet deciding

to get an investigation report from 2000 onwards, the key government departments such as the forest, revenue, police and mining will have to furnish relevant documents. A lot of irregularities had taken place prior to 2006, too. A thorough investigation will throw light on the illegalities in the mining sector when the Congress was in power. The government's argument is that it was during the Congress regime that vast acres of forest land were opened for mining.

In addition, the controversial decision of then governor to close the Dharam Singh case may also be reopened if the new Lokayukta decides to seek the permission of the competent authority (the governor)

to submit a special report on the case.

Singh had allegedly been granted permission in 2006 to transport iron ore from "patta" lands against the norms. The then governor Rameshwar Thakur had closed the case by issuing a speaking order.

The BJP has brought out a booklet titled, "Who is responsible for the mining mess in Karnataka?" giving some facts on mining from the S M Krish-

na regime to B S Yeddyurappa regime. The saffron party had pointed out that 47 mining licences were recommended during H D Kumaraswamy's tenure, followed by Dharam Singh's tenure (43).

The government has already announced that the Cabinet has decided to seek four clarifications from the Lokayukta, including whether the Lokayukta followed the principles of natural justice vis-a-vis

the politicians indicted in the report; whether the Lokayukta Act authorised the Lokayukta to recommend action against members of the council of ministers; whether the Lokayukta has authority, and what should be the length of the removal period or when he should be reappointed. Upa Lokayukta Justice S B Majage and Lokayukta Registrar (in charge) B Yoginath said they are yet to receive a communi-

Value of mineral output down 3.3%

The total value of mineral production fell 3.36 per cent to ₹13,378 crore in August this year as compared to ₹12,943 crore in the same month last year. The contribution of petroleum (crude) remained highest at ₹5,432 crore (41 per cent), while coal output was valued at ₹2,264 crore. Iron ore contributed ₹3,143 crore, natural gas ₹1,242 crore, lignite ₹309 crore and limestone ₹269 crore.

BS REPORTER

Is India up for the environment bet?

NEW DELHI, 19 OCT: Managing environmental impacts has emerged as a big challenge in India's fast and high growth rate development, the labour and employment minister, Mr Mallikarjun Kharge, said today.

Addressing the 12th National Conference on Safety, Health & Environment for Sustainable Growth organised by the National Safety Council of India (NSCI), Mr Kharge said the six per cent growth during the early 1990s, and seven to eight per cent growth since 2003 had put pressures on natural resources required for the achievement.

While the economy leaped forward, the share of growth-related risks manifested by industrial waste and chemical pollution rose, he said. Not surprisingly, therefore, sustainability was engaging the attention of safety, health and environmental professionals, the minister said.

As far as safety of the human resources was

concerned, he said the government had declared the National Policy on Safety, Health and Environment at work place in February, 2009. The policy was not only aimed at eliminating work related injuries, diseases, fatalities, and loss of national assets but also to enhance the well-being of the employees and society at large.

Enumerating the international initiatives India has joined on industrial safety, the minister said amendments of the laws was the need of the hour. As a major step, the government had introduced the Mines Amendment Bill, 2011 in Parliament in March, he added.

The labour ministry had also initiated a proposal to amend the Factories Act, 1948. The National Safety Council Chairman, Mr Venu Srinivasan, said the 12th national safety conference aimed to provide a platform to all stakeholders to understand their role in the implementation of the national policy. **sns**

Shah panel on banning iron ore export

Ban on iron ore export from Goa is one of the possibilities explored by the Shah Commission during its investigations into the illegal mining scam in the state, a senior member of the panel said here on Wednesday. Justice R A Mehta, a senior member of the commission, said, "Banning export (of iron ore) is one of the options being considered to curb illegalities in the trade."

PTI

BHP in talks for takeover of Ferrous Resources

BHP Billiton Ltd, the world's largest mining company, is in talks to buy Brazilian iron-ore producer Ferrous Resources Ltd, said two people with knowledge of the matter. No final decision has been made on a transaction, which could fetch about £2 billion (\$3.2 billion), said one of the people, who declined to be identified as the process is private. Discussions have occurred in Melbourne, where BHP is based, over the past few weeks, taking place after negotiations with a Chinese suitor broke down, one of the people said.

BLOOMBERG

SAIL divestment hits hurdle

BS REPORTER
New Delhi, 19 October

THE government's disinvestment programme has met with more hurdles, as the finance ministry may have to seek fresh Cabinet approval for stake sale in Steel Authority of India Ltd (SAIL) and Hindustan Copper. The two companies have told the government they do not want to go for fresh equity.

On a brighter side, it may get some breather in the form of oil major ONGC's follow-on issue, discussions on which are likely to start shortly.

"SAIL does not want to go

for fresh equity," Disinvestment Secretary Mohammed Haleem Khan said today. "The same is the case with Hindustan Copper. So we have to go for authorisation process again," he told reporters on the sidelines of Economic Editors' Conference. The finance ministry was planning to divest 10 per cent in SAIL in two separate tranches, while the company would also raise additional equity of to the extent of 10 per cent. Now the ministry will take the Cabinet nod once again to sell its stake through a follow-on public offer.

Another government official said SAIL and Hindustan

Copper did not want to raise fresh equity in view of capital requirements, surplus cash and choppy markets. The government would now have to see whether it would want to divest its shareholding in SAIL by five per cent in each tranche or more, he added. The entire process of getting fresh approvals could take "about two months".

Similarly, the Cabinet had approved the disinvestment of 10 per cent paid-up equity capital of Hindustan Copper out of government shareholding along with issue of fresh equity of equal size by the company.

STAKE SALE IN PSUs

GOVT WEIGHS DUTCH AUCTION

BS REPORTER,
New Delhi, 19 October

After a two-year break, you may again get to see the auction method for stake sale in public sector undertakings. For, the government is re-exploring its possibilities while looking at ways to perk up its disinvestment programme.

A lukewarm response that last year's French auction method generated has led the finance ministry to now consider the Dutch auction. Also called descending-price auction, it would begin with a high asking price that would be lowered until a bid is made.

The ministry is also exploring options such as sale of residual stake in companies such as Hindustan Zinc and Bharat Aluminium Co Ltd, besides buyback of equity by cash-rich public



(L-R) Finance Minister Pranab Mukherjee, Minister of State for Finance Namo Narain Meena and Advisor to Finance Minister Omita Paul at the Economic Editors' Conference, in New Delhi on Wednesday. PHOTO: SANJAY K SHARMA

sector undertakings. This is to jack up its disinvestment proceeds — they are at ₹1,144 crore, against the target of

₹40,000 crore for the year. The ministry may soon seek the Cabinet's nod for exercising these options. A discus-

sion on the matter is on, says a finance ministry official. "We are debating among ourselves whether an auction method can be used — like we did in the case of Maruti," he told *Business Standard*. "We may consider the Dutch action."

In the French auction, institutional investors would bid for the stock above the floor price which is normally fixed at a discount to the prevailing market price, whereas retail investors would buy shares at the floor price. As for the Maruti Udyog Ltd (MUL), the government had, in January 2006, sold eight per cent equity of its residual 18.28 per cent in the auto major to public sector undertakings — through a differential pricing method. A year later, the remaining was also sold through a differential pricing method, fetching the government ₹3,847 crore.

FIMI against hiking iron ore export tax

The Federation of Indian Mineral Industries (FIMI), the apex body of Indian mineral industries, has opposed Odisha government's proposal to hike tax for iron ore exports and has written a letter to Prime Minister Manmohan Singh to reject such demands. In a letter to Singh, FIMI has said exports of iron ore are not optional but "out of compulsion".

PTI

PRICE CARD

As on Oct 19	International	Domestic
METALS (\$/tonne)		
Aluminium	2,157.50	2,604.27
Copper *	7,271.00	9,135.30
Nickel	18,580.00	22,583.93
Lead	1,906.00	2,299.08
Tin	20,605.00	26,551.37
Zinc	1,832.00	2,421.16
Steel-HRC	685.00	895.17
Gold (\$/ounce)	1,652.80*	1,665.91
Silver (\$/ounce)	32.01*	33.72
ENERGY		
Crude Oil (\$/bbl)	112.33*	107.74
Natural Gas (\$/mmBtu)	3.59*	3.69
AGRI COMMODITIES (\$/tonne)		
Wheat	232.67	213.06
Maize	258.97*	200.20
Sugar	720.20*	607.93
Palm oil	960.00	1,107.73
Rubber	3,816.10*	4,344.97
Coffee Robusta	1,940.00*	2,095.52
Cotton	2,204.40	2,242.73

Conversion rates: 1) 1 ounce = 31.1032316 gm
2) 1 US dollar = ₹49.15 *As on Oct 19, 1800 hrs IST

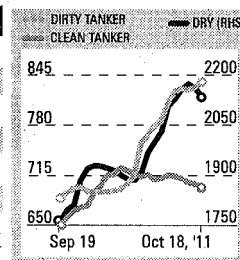
Notes: 1) International metal are LME spot prices and domestic metal are Mumbai local spot prices except for steel.
2) International crude oil is Brent crude and domestic crude oil is Indian basket.
3) International natural gas is Nymex near month future & domestic natural gas is MCX near-month future.
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 Kamataka 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 Kamataka robusta pertains to previous days price.

Source: Bloomberg Compiled by BS Research Bureau

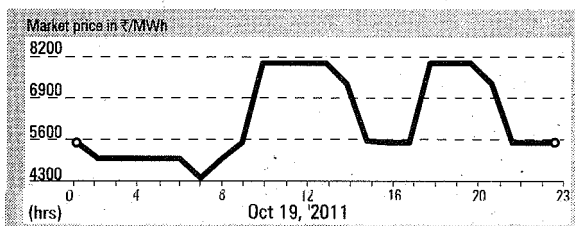
BALTIC EXCHANGE INDICES

	Oct 18, 11	chg%*
Baltic Dry	2,136	-1.11
Baltic Supramax	1,607	0.06
Baltic Panamax	2,099	0.19
Baltic Capesize	3,451	-2.49
Baltic Handysize	829	0.36
Baltic Clean Tanker	700	-0.57
Baltic Dirty Tanker	835	0.85

* over previous close



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हिंद. कॉपर ने दिया ₹46.07 करोड़ लाभांश

नई दिल्ली। सरकारी तांबा उत्पादक कंपनी हिंदुस्तान कॉपर लिमिटेड ने वित्त वर्ष 2010-11 के लिए सरकार को 46.07 करोड़ रुपये का अंतिम लाभांश का चेक सौंपा। कंपनी के सीएमडी शकील अहमद ने खान मंत्री दिनशा जे पटेल को यह चेक सौंपा। कंपनी ने 20 प्रतिशत लाभांश देने की घोषणा की थी, जिनमें 10 प्रतिशत अंतरिम लाभांश भी शामिल है। कंपनी ने वित्त वर्ष 2010-11 में सरकार को कुल 92.14 करोड़ रुपये का लाभांश दिया है।

हिंदुस्तान जिंक का मुनाफा बढ़ा

मुंबई • वेदांता ग्रुप की कंपनी हिंदुस्तान जिंक ने 30 सितंबर, 2011 को समाप्त चालू वित्त वर्ष की दूसरी तिमाही के दौरान अपने शुद्ध लाभ में 41.74 फीसदी की बढ़ोतरी दर्ज कराई है। कंपनी को यह लाभ अंतरराष्ट्रीय बाजारों में जिंक, लीड एवं सिल्वर की ऊंची कीमतों के दम पर हासिल हुआ है। हिंदुस्तान जिंक ने मुंबई स्टॉक एक्सचेंज को दी जानकारी में बताया कि कंपनी ने पिछले वित्त वर्ष की इस अवधि के दौरान 948.72 करोड़ रुपये का शुद्ध लाभ अर्जित किया था जो बढ़कर आलोच्य अवधि के दौरान 1,344.69 करोड़ रुपये पर पहुंच गई। कंपनी की शुद्ध बिक्री आलोच्य तिमाही के दौरान 2,593.49 करोड़ रुपये की दर्ज की गई जो एक साल पहले की इस अवधि के 2,162.88 करोड़ रुपये की तुलना में 19.92 फीसदी अधिक है।

Mining Bill to introduce royalty at a concession

Lower rate in return for value addition to cut wastage

SUDHEER PAL SINGH
New Delhi, 19 October

PROFIT-SHARING with tribal people and auctioning of mineral concessions are not the only landmark changes proposed in the new mining Bill. The Bill also envisages ushering in a regime of royalty concessions for the first time in the country.

The proposal to dole out concessional royalty rates to companies in return for value addition of minerals is aimed at promoting what the mines ministry calls "zero waste mining" — efficient exploitation of the country's mineral wealth by minimising wastage of the economically less remunerative ores. Section 41 of the Mines and Minerals Development and Regulation (MMDR) Bill, that deals extensively with royalty rates, states: "Concessional rates of royalty may be specified for cases where the (mining) lessee beneficiates the mineral at the ore stage."

The provision was added to the Bill only days before the 10-member Group of Ministers (GoM) headed by finance minister Pranab Mukherjee approved its draft in July. The idea of royalty concessions was float-

CURRENT RATES

(Royalty for major minerals in India)

0.5%	BAUXITE London Metal Exchange (LME) price	10.0%	IRON ORE of sale price at pit mouth
10.0%	CHROMITE of sale price at pit mouth	4.2%	MANGANESE of sale price at pit mouth
₹180 +5.0%	COAL (steel grade) of sale price at pit mouth	₹45 +2.0%	LIGNITE of sale price at pit mouth
4.2%	COPPER of LME price	7.0%	SILVER of LME price
2.0%	GOLD of LME price	₹72	LIMESTONE per tonne

Source: Mines ministry

ed by the ministerial group and was developed during later discussions by mining secretary S Vijay Kumar.

"The provision will eliminate the tendency among miners to leave low-grade ore unutilised, especially where it occurs along with good quality ore in a mineral deposit," a senior official from the mines ministry told *Business Standard*. Gold occurs in copper concentrates and platinum occurs in small quantities with other metal minerals, for instance.

"It came to the ministry's notice that minerals were getting

wasted in such cases as miners were preferentially exploiting only good quality ore to earn margins," the official added.

The Bill, however, does not specify any concessional rate. For comparison, Australia's government charges a concessional five per cent royalty rate on iron ore in return for value addition as compared to 7.5 per cent royalty rate in its absence. In India, iron ore currently attracts a royalty rate of 10 per cent of sale price at pit mouth, which is around ₹4,500 per tonne.

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Mining Bill to introduce royalty at a concession

The concessional rates for the Indian mining sector would be decided by an independent authority — with members from states, Indian Bureau of Mines, government departments and other stakeholders — purely on technical criteria.

Experts believe the proposal is unlikely to go down well with states, which would fear an impact on their rev-

enue from royalty collection. Currently, over ₹4,000 crore is collected by states every year as royalty from mining companies. Overall mineral royalty collection in India has jumped 72 per cent in the past three years alone (from ₹2,319 crore in 2008-09). Royalty rates were revised in August 2009, with a shift from specific rates to ad valorem rates in most of the minerals.

Huge wastage of low-grade ore is one of the principal causes of concern for the government in the mining sector. The sector will suffer from a lack of domestic capacity to enrich minerals in the long run, according to the government. The government wants to push the sector's contribution to GDP from 2.5 per cent at present to five per cent over the next five years.

शाह आयोग ने लौह अयस्क के निर्यात पर प्रतिबंध की संभावना जताई

पणजी, 19 अक्टूबर (भाषा)। गोवा में अवैध खनन घोटाले की जांच के दौरान शाह आयोग ने इस बात की संभावना जताई है कि राज्य से लौह अयस्क के निर्यात पर प्रतिबंध लगाया जाना इसका एक विकल्प हो सकता है। आयोग के वरिष्ठ सदस्य न्यायमूर्ति आरए मेहता ने बुधवार को बताया कि इस व्यापार में अनियमितताओं पर रोक लगाने के लिए लौह अयस्क के निर्यात पर प्रतिबंध लगाए जाने पर एक विकल्प के तौर पर विचार किया जा रहा है।

आयोग का नेतृत्व कर रहे न्यायमूर्ति एमबी शाह ने इससे पहले कहा था कि एक अंतरिम उपाय के रूप में लौह अयस्क के निर्यात पर प्रतिबंध लगाए जाने की सिफारिश की जा सकती है। इस बयान से खनन पर निर्भर उन लोगों के बीच दहशत फैल गई, जिन्होंने वैध खनन की इजाजत मांगी थी। आयोग ने प्रथम दौर में खनन पट्टा ऑपरेटरों से कई विसंगतियों के संकेत मिलने के बाद खानों का पुनर्निरीक्षण किया। मेहता ने

कहा कि यह कहना जल्दबाजी होगी कि गोवा में अवैध खनन व्यापार हुआ है या नहीं। इस स्तर पर हम नहीं कह सकते कि कोई घोटाला हुआ है या नहीं। आयोग आंकड़े जुटाने की प्रक्रिया में लगा हुआ है, जिसे एक साथ कर अंतिम रिपोर्ट तैयार की जाएगी।

सोमवार से आयोग के सदस्यों ने राज्य में संचालित 90 पुराने और 32 बंद पड़े खनन पट्टों का दौरा शुरू किया। सूत्रों ने बताया कि आयोग ने अपने पहले चरण के दौर के दौरान पाया कि लगभग सभी खानों ने संलग्न इलाकों का अतिक्रमण कर रखा है। आयोग के एक वरिष्ठ सदस्य ने बताया कि हम कह सकते हैं कि 90 फीसद खनन पट्टों में कुछ या दूसरे नियमों का उल्लंघन है। मेहता ने कहा कि जहां तक गोवा की बात है, यहां खनन जांच के लिए कोई समय सीमा तय नहीं की गई है। ओडीशा, झारखंड, आंध्रप्रदेश और छत्तीसगढ़ में अवैध खनन की पूरी जांच मार्च 2012 तक पूरी होगी।

खनन क्षेत्र में निवेश चाहता है अफगान

नई दिल्ली (एजेंसी)। अफगानिस्तान चाहता है कि भारतीय कंपनियां उसके यहां खनन और विनिर्माण सहित विभिन्न क्षेत्रों में निवेश करें। इस युद्धग्रस्त देश ने भारत के साथ आर्थिक संपर्क बढ़ाने पर बल दिया है।

भारत की यात्रा पर आए अफगानिस्तान के व्यापार और उद्योग मंत्री अनवारुल हक अहदी ने कहा कि इस दक्षिण एशियाई देश में भारत की लघु एवं मझोली कंपनियों के लिए काफी संभावनाएं हैं। अहदी ने यहां सीआईआई के एमएसएमई पर भारत वैश्विक सम्मेलन को संबोधित करते हुए कहा, 'हम भारतीय निवेश



नई दिल्ली में बुधवार को सीआईआई के कार्यक्रम में अफगानिस्तान के व्यापार एवं उद्योग मंत्री अनवारुल हक अहदी के साथ एमएसएमई मंत्री वीरभद्र सिंह।

को आकर्षित करने के इच्छुक हैं। भारत के साथ व्यापारिक संपर्क मजबूत करना चाहते हैं। अफगानिस्तान अभी अनछुआ बाजार है, वहां आप अच्छा पैसा बना सकते हैं।' उन्होंने कहा कि भारत के लघु एवं मझोले उद्योग वहां प्लास्टिक, पॉल्ट्री, पैकेजिंग, खाद्य प्रसंस्करण और कृषि उत्पाद संरक्षण के क्षेत्र में संभावनाएं तलाश सकते हैं। दोनों देशों के बीच 2010-11 में द्विपक्षीय व्यापार 55.78 करोड़ डालर का रहा। अहदी ने कहा कि दोनों देशों के बीच व्यापार को कराची के बजाय वाघा सीमा से किया जाना चाहिए, इससे लागत घटेगी।

Gujarat NRE gets nod to upgrade Australian mine

Our Bureau

Ahmedabad, Oct. 19

Gujarat NRE Group has received the go-ahead from the NSW Planning Assessment Commission for its \$122-million upgrade of infrastructure at NRE-1 mine in Russel Vale, Australia.

In a statement issued here on Tuesday, the company's Executive Chairman, Mr Arun Kumar Jagatramka, said the approval would give added security to the current 350 personnel working at the mine and also provide short-term employment for additional workers during the construction of the surface facility upgrades. "It is great news for the company, its workers and the Illawarra community," Mr Jagatramka added.

The approval would enable Gujarat NRE to continue extraction of up to

one million tonnes of coking coal per annum from the Bulli and Wongawilli seams for the next three years, coal transport by truck to the Port Kembla Coal Terminal, and upgrades to the surface facilities and infrastructure.

The NSW PAC gave approval after the Department of Planning and Infrastructure provided briefings covering issues such as subsidence, impacts on water resources, noise, air quality, traffic and incident reporting. The NSW PAC also considered the Department of Planning's Assessment Report, including agency and public submissions.

Gujarat NRE is aiming to put on public exhibition further details of its \$250-million expansion plans for the Russell Vale mine by the end of this year.

Karnataka steel firms look East for cheaper, better iron ore

High prices of ore via e-auction puts spotlight on Jharkhand, Orissa

S. Shanker

Mumbai, Oct. 19

High prices of iron ore routed through e-auctions and issues linked to iron content in dispatches are forcing steel and sponge iron-makers in Karnataka to look to Jharkhand and Orissa.

Mr Dinesh Kumar Singhi, Managing Director of Karnataka-based BMM Ispat, told *Business Line* that the base price of Rs 2,010 a tonne for the 57-per-cent iron grade in the last auction was too high, considering that buyers were getting the same earlier from NMDC Ltd for about Rs 1,400-odd a tonne, before the Supreme Court on September

2 directed the State to hold e-auctions.

He said there were no takers for about 65 per cent of the stocks lined up for the last auction conducted on October 14.

When told that NMDC officials had said the pricing was in line with those in China and Japan, he said the price of 57-per-cent grade in China was about \$110 (Rs 5,390), which factored in about Rs 3,000 for transport, beside 20 per cent export duty.

On Karnataka e-auction prices, he said in addition to the base price, buyers would have to pay 10 per cent for royalty, 12 per cent as forest-



Scouting for cheaper ore

development charges and 1 per cent cess, totalling 23 per cent more, which pushed the price to Rs 2,472 a tonne. Transport would cost another Rs 750 a tonne.

The 57-per-cent grade has to undergo beneficiation to

match the requirements of steel and sponge iron-makers. The conversion ratio in general is 1.55 tonne, which makes a tonne of 63-per-cent-plus iron grade.

Mr Singhi said BMM Ispat bought 3.2 lakh tonnes in the e-auctions, before the last one, but were able to clear only 35,000 tonnes from the designated centres, which were open from 6 am to 6 pm. Further, e-permits could not be obtained as the Mines and Geology Department server was invariably down. Transport was also an issue with designated centres in remote places.

Further, there were quality

issues with supplies obtained through the auctions. While NMDC follows the practice of compensatory payment if the quality (grade) is below what is quoted (laboratory analysis by third-party assayers is an accepted industry practice), e-auctions do not provide for the same.

In comparison, the 63.5-per-cent grade from Jharkhand could be got at Rs 4,200 a tonne, inclusive of the transport cost of Rs 2,200. Besides, quality and timely delivery are assured. Continuous running plants cannot be shut down and delivery schedules to clients have to be maintained, he said.

Hind Zinc net up 42% on higher metal prices

Announces interim dividend of Rs 1.50 a share

Our Bureau

Mumbai, Oct. 19

Hindustan Zinc, a Vedanta Group company, has reported a 42 per cent rise in net profit at Rs 1,345 crore (Rs 949 crore) for the quarter ended September 30.

The increase is due to higher production and improved metal prices. Revenues were up 20 per cent to Rs 2,593 crore (Rs 2,163 crore).

Mr Agnivesh Agarwal, Chairman, said the company has emerged the world's largest integrated zinc and lead producer and ranks among the lowest cost producers of these metals. "We are consistently evaluating opportunities for further growth, on the back of our

large reserves and resource base, low-cost operations, strong liquidity position and cash flow generation," he added.

The company has announced an interim dividend of Rs 1.50 a share. The record date for the payment of interim dividend is October 28.

"Mined metal production in Q2 was 209,676 tonnes, up 2 per cent. Refined zinc output was up 5 per cent at 184,816 tonnes, primarily on account of improved operational performance at our hydro smelters."

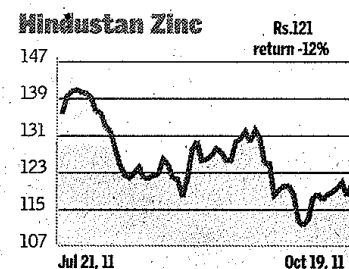
Refined lead production jumped 5 per cent to 17,005 tonnes due to contribution from the new 100,000-tonne Dariba lead smelter, which was commissioned and cap-

SCORECARD			
(in Rs crore)			
	Q2		%
	FY11	FY10	change
Net Sales	2,593	2,163	20
Net Profit	1,345	949	42
EPS (Diluted)	3.18	2.25	41

italised during the quarter.

Refined silver production was up 12 per cent at 49,274 kg. The increase was a result of higher silver content in the mined ore and improved plant efficiencies, the company said.

The zinc metal production cost, without royalty, during the quarter was marginally higher at Rs 38,800 a tonne. The positive impact of operational efficiencies was more



than offset by the impact of increase in commodity prices.

The average zinc price on LME was \$2,224 a tonne (\$2,013 a tonne) and lead was being quoted at \$2,459 a tonne (\$2,032 a tonne). The average silver price on London Bullion Market Association increased to \$38.80 an ounce from \$18.97.

In the last seven years, exploration activities have add-

ed 167 million tonnes. "We are exploring over 6,200 sq.km in 10 'reconnaissance permits'. Our total reserves and resources base at the end of last fiscal was 313.2 million tonnes containing 34.7 million tonnes of zinc-lead metal and 885 million ounces of silver, ensuring long mine life of 25 plus years," the company said in a press release.

As on September 30, Hindustan Zinc had cash and cash equivalents of Rs 16,229 crore, of which Rs 10,324 crore was invested in debt mutual funds and Rs 5,905 crore were in fixed deposits with banks.

The stock on the BSE was up 2 per cent at Rs 121.25 on Wednesday.

Aug mineral output down 6%, valued at ₹13.3k cr

The production of minerals for the month of August was valued at at ₹13,378 crore, the government said on Wednesday. The output fell by 5.99% in August vis-a-vis the previous month. "The total value of mineral production (excluding atomic and minor minerals) in the country during August 2011 was ₹13,378 crore," according to a statement. The contribution of petroleum (crude) was the highest, at ₹5,432 crore (41%), while coal output was valued at ₹2,264 crore. In addition, iron ore contributed ₹3,143 crore, natural gas (utilised) ₹1,242 crore, lignite ₹309 crore and limestone ₹269 crore.

Vale bows to steelmakers' pressure over iron ore costs

MINING

By Samantha Pearson in São Paulo

Vale, the world's biggest miner of iron ore, became the latest company in the industry to publicly bow to pressure from steelmakers over the cost of the raw material, opening itself up to a more flexible pricing system.

The majority of iron ore contracts are based on average prices for the quarter, but as commodity markets have slumped amid the fresh global crisis, steelmakers have called on mining companies to lower the cost of the raw material.

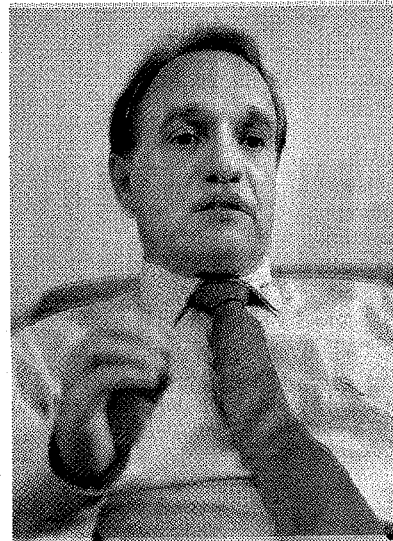
Vale is open to discussions of "different terms" of payment, Murilo Ferreira, the Brazilian company's chief executive, told reporters on Tuesday. However, he added that the company had no plans to abandon the quarterly pricing system that miners adopted last year.

Falling benchmark iron ore prices, which hit a fresh low for the year on Tuesday of \$150 a tonne, have also put pressure on Vale's competitors to bring down their prices in line with the lower values on the spot market.

One option for miners would be to offer customers prices based on monthly averages rather than quarterly averages. "Major miners have agreed a revised basis for Q4 prices in iron ore contracts," said a senior iron ore trader.

As countries across the world have revised down their growth forecasts, demand for the steelmaking ingredient has slumped, knocking down iron ore prices about 16 per cent over the past month alone.

If prices continue to fall, industry executives expect more companies could move to offer monthly pricing systems.



Murilo Ferreira, Vale chief executive

Currently, about 60 per cent of contracts are based on quarterly prices.

Last May, Wolfgang Eder, chief executive of Voestalpine, the Austrian steelmaker, told the Financial Times that miners would start to lose the upper hand in contract negotiations in 18 months. "It's never that one party is only strong and the other is only weak," he said.

Vale's shares led declines on Brazil's stock market on Tuesday as investors tried to factor in the effect of a different pricing system on the company's bottom line.

However, some analysts remained sceptical about the extent to which Vale would budge over its prices in the near-term.

"It seems more to be a power play with the Chinese," said Pedro Galdi, an analyst at SLW Corretora in São Paulo.

Hindustan Zinc reports 42% hike in net profit

On the back of higher prices of zinc, lead and silver in the international markets, Hindustan Zinc – a Vedanta Group firm, reported a 42% increase in net profit for the quarter ended September 30. The company reported a net profit of ₹1,344.69 crore for the quarter as against ₹948.72 crore in the corresponding quarter last year. For the quarter, other income stood at ₹386.78 crore as against ₹184 crore in the corresponding quarter last year.

SAIL, Hind Copper drop FPO plans

Govt may pursue share sale in the PSUs independently

K.R.Srivats

New Delhi, Oct 19

Steel Authority of India Ltd and Hindustan Copper Ltd have independently shelved plans to raise capital by fresh issue of equity shares in a follow-on public offer (FPO).

Although the fresh equity issuances by these two companies have been dropped, the proposed divestment transactions are very much on the table and could fructify during this fiscal if the market conditions improved, a top disinvestment department official has said.

The Cabinet Committee on Economic Affairs had last

year separately given its nod for disinvestment of Government shareholding of 10 per cent each in SAIL and Hindustan Copper. The divestments were to be put through along with the fresh issue of capital to be issued by them.

Now both the companies have decided not to issue fresh equity shares as they do not require funds. This has been conveyed to the disinvestment department, which is looking into these proposed transactions afresh in the wake of the change in the stance of the companies, the Disinvestment Secretary, Mr

Mohammad Haleem Khan said here on Wednesday.

"In both the cases, the disinvestment by the Government and the fresh issue of equity shares have been de-linked," he said.

Mr Khan said that any revision of plans for these two transactions (SAIL and HCL) would require CCEA assent and the disinvestment department was yet to take the revised proposals to the CCEA.

In April last year, the CCEA had approved divestment in SAIL through offer for Sale of Government's equity shareholding of 10 per

cent of paid-up capital in conjunction with the issue of fresh equity of 10 per cent of SAIL's paid-up capital, in two distinct tranches each comprising 5 per cent offer for sale and 5 per cent issue of fresh equity.

For Hindustan Copper, the CCEA had in June last year approved divestment of 10 per cent of paid up capital of the company out of Government's total shareholding along with issue of fresh equity of equal size by the company in the domestic market. The Centre currently has 99.59 per cent stake in Hindustan Copper Ltd. As per

the earlier plan, the Government's shareholding in Hindustan Copper was to come down to 81.45 per cent.

Now, the disinvestment department is considering revising the proposal to sell 10 per cent equity of Hindustan Copper out of Government shareholding only.

On the follow-on public offer (FPO) of Oil and Natural Gas Corporation (ONGC), the disinvestment department has said that all the preparations have been completed and the issue is likely to hit the market in November or December this year.

Europe debt jitters drag copper

Reuters

London, Oct. 19

Copper fell for a third day on Wednesday after Moody's cut Spain's sovereign ratings, adding to uncertainty over the Euro zone's lingering debt crisis and economic growth.

Strikes at two Freeport-McMoran Copper & Gold Inc. mines lent little support.

Three-month copper on the London Metal Exchange (LME) traded at \$7,325 a tonne in LME rings versus Tuesday's close of \$7,449.

STRIKES AT MINES

Copper inventories in LME warehouses rose 250 tonnes to 4,52,175 tonnes, latest data showed. Levels are about a third higher since December.

Aluminium stocks fell 2,725 tonnes to 45,71,625 tonnes.

News that Freeport-McMoRan has threatened to close its strike-hit Grasberg mine in Indonesia, the world's second largest, could provide a floor for prices.

Among other metals, aluminium traded at \$2,195 in LME rings from \$2,208 a tonne at Tuesday's close.

Battery material lead was untraded in rings but bid at \$1,910 from \$1,925 a tonne, while zinc traded at \$1,852 from \$1,882 a tonne.

Nickel traded at \$18,975 from \$19,150 a tonne.

Tin was untraded in rings but bid at \$21,700 from \$21,345 a tonne.

‘Illegal mining, felling must stop’

PNS ■ DEHRADUN

Well known local environmentalist and woodsman Ram Babu Junglee has said that the illegal axing of trees in the jungle and illicit mining activities are negatively affecting the lives of wild animals in the jungle and humans outside the forests.

Addressing local media persons in Dehradun on Wednesday, the environmentalist and woodsman said that the Government and Forest Department need to take concrete measures to prevent these anomalies from severely damaging the environment and wildlife which will also negatively affect human life.

According to Junglee, the shrinking forests and expanding human settlements have decreased space for wildlife

which in turn is responsible for the increasing incidents of wild animals entering human settlements.

It is the humans who will have to act to resolve the apparent animosity which seems to have developed between humans and wild animals.

People need to stop their interference in the forests for their own welfare at least. "Steps also need to be taken to tackle effects of global warming and its negative effect on the environment and wildlife.

"The Forest Department should undertake a major tree plantation campaign to ensure that the forests thrive. Humans living in cities are also being affected by the impact of illegal tree felling and illicit mining in the State", he added.

SC Panel may Seek Auction of Mines Guilty of Violations

But mining secy says auctions not possible under current rules

MEERA MOHANTY
NEW DELHI

A panel appointed by the Supreme Court is likely to recommend auction of iron ore mines whose owners have been found guilty of major breaches of licensing norms, setting a precedent for the mining sector that has been plagued by a series of scams.

The Central Empowered Committee, a panel that reports to the apex court, is likely to recommend an auction, according to people familiar with the matter.

The suggestion, if accepted by the Court, would result in many miner-owners losing their leases but might be welcomed by steelmakers such as ArcelorMittal and Posco who have been waiting for years to be allocated captive iron ore mines. Auctioning of mineral resources is a central feature of a proposed new legislation, the Mines and Minerals Development and Regulation Bill, that was recently cleared by the Cabinet. But until that bill is cleared by Parliament, a mine whose lease had been cancelled can be reallocated by the state.

The secretary in the department of mining, Vijay Kumar said auction was not possible under the current legal framework. "The court cannot direct the disposal of govern-

Wait 'n' Watch

The proposal might be welcomed by steel makers such as Arcelor Mittal and Posco who have been waiting for years to be allocated captive iron ore mines

The fate of the miners will eventually be decided by the apex court's Forest Bench that hears cases related to the environment

ment property, and the law does not provide for it. It can, where there has been a breach of law, direct the state to terminate the lease. But it would be for the state to decide what it wanted to do with resource, and do it as per law."

The CEC is yet to submit its final report to the court. The fate of the miners will eventually be decided by the apex court's Forest Bench, that hears cases related to the environment. The CEC had earlier come up with the idea of auctioning existing iron ore stocks in Bellary so that they could be used by state's steelmakers. Harish Salve, a senior lawyer who has acted as amicus curiae or friend of court for the Forest Bench, said reserves should have been allocated to serious end users, who have to show commitments of billions of dollars. "First we allocate mines to anyone and everyone and then impose duties, cordon off forests," Salve said.

Global mineral conference begins today

Special Correspondent

JAIPUR: The 12th international mineral processing technology conference (MPT-2011) starting in Udaipur this Thursday will discuss the whole gamut of exploration of minerals and innovative methods in waste management. The three-day conference has "Recent advances in processing of non-ferrous and industrial minerals" as its central theme.

MPT-2011, organised jointly by Hindustan Zinc and Indian Institute of Mineral Engineers (IIME), will be attended by 500 participants including experts from South Africa and Russia. The event will be inaugurated by S. Vijay Kumar, Secretary, Union Ministry of Mines.

Initiated by IIME in 2002, the mineral processing technology conference is considered a platform for the mineral industry to brainstorm various mineral processing issues and find a solution in terms of extraction of metals from the mineral resource. This year Hindustan Zinc, the world's largest integrated producer of zinc which also governs above 85 per cent of Indian zinc market, is hosting it. The previous year the event was organised in Jamshedpur.

The opening session will be attended by Rahul Guha, Deputy Director-General, Mines Safety; R. Venugopal, IIME President; C.S. Gundewar, Controller-General, Indian Bureau of Mines; Ajitabh Sharma, Director Mines & Geology, Rajasthan; M.S. Mehta, CEO, Vedanta; and Akhilesh Joshi, COO, Hindustan Zinc.

अगस्त में खनिज उत्पादन गिरा

नई दिल्ली। इस वर्ष अगस्त में देश में खनिज उत्पादन में 3.36 प्रतिशत की नकारात्मक बढ़ोतरी दर्ज की गई। आधिकारिक जानकारी के अनुसार पिछले वर्ष की समान अवधि की तुलना में यह नकारात्मक वृद्धि दर्ज की गई है। हालांकि, खनिज समूह के उत्पादन सूचकांक में अगस्त में 5.99 प्रतिशत की गिरावट दर्ज की गई है। अल्प मात्रा वाले खनिज पदार्थों को छोड़कर इस वर्ष अगस्त में 13,378 करोड़ रुपये के खनिज पदार्थों का उत्पादन हुआ।