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PSUs struggle as govt drags its feet on filling top posts

SHYAMLAL YADAV
NEW DELHI, MARCH 21

BESIDES key government-owned financial institutions and infrastructure companies that are operating without a full-time chief at the helm, procedural delays have held-up the appointment of the heads of well over a dozen key public sector undertakings across ministries and departments.

While big financial institutions such as LIC and GIC, along with key infrastructure PSUs such as Coal India, MMTC, NHPC and Nalco, are among those managing without a full-time head, information provided by the Public Enterprises Selection Board (PESB) on an application filed under the RTI Act reveals that there at least 15 PSUs under various ministries where the top post is currently vacant.

Some of these PSUs are functioning without a chairperson for over 18 months with the charge being held by some ministry official. Reasons include hold-ups at the PESB end, delayed clearances from the Central Vigilance Commission and administrative ministries sitting on the appointment files. Wranglings between the administrative ministry overseeing the PSU and the PESB too has held back appointments to key top posts in some cases.
Aussie tax to haul steel cos over coals

Promit Mukherjee

While power companies in India are still coming to terms with an increased price of coal that they source from Indonesia due to its sudden benchmarking to international prices, it's now the turn of Indian steel companies to go through a similar ordeal.

They may have to shell out a few extra dollars towards sourcing of coking coal from Australia from July 1. The Australian government has finally passed a Bill asking big iron ore and coking coal companies in the country to cough up almost 30% of their profits in order to maintain an equitable distribution of wealth in the island country.

After over 18 months of intensive debate with industry players, the Upper House of Parliament in Australia has ap-

proved the Mineral Resource Rent Tax (MRRT) Bill to be brought into effect from July 1, 2012. “Australia’s Queensland region itself accounts for close to 65% of global seaborne coking coal trade and any impact on coking coal mining in Australia reflects in coking coal price trends worldwide,” said an analyst with an international brokerage firm.

He said since big players such as BHP Billiton and Rio Tinto will not be keen to absorb the 30% loss of profits they otherwise would have earned, they will definitely look at passing it on to customers.

While it is currently not quantifiable as to what will be the level of impact in terms of exact numbers, analysts are of the opinion that it could lead to a few basis points of permanent hike in coking coal prices the world over, and India will be no exception.

“We expect the coking coal prices to be impacted by around 2-3% since the tax is brought into effect which could translate into over 1% impact on steel companies’ realisations,” said Rakesh Bhatia, senior analyst with brokerage Pivotal Research.

He said India currently imports 35 million tonnes of coking coal from Australia and with India’s steel capacity going up by over 15 million tonnes over the next 18 months, the coking coal demand is expected to move up equally.

However, the major impact is expected to be on companies such as Hot Metal Coke and Bhushan Steel, which directly own coking coal mines in the island nation. “While Bhushan still needs time to develop its resources in Australia, Gujarat NRE Coke will see an immediate impact as it has its mines already operational there,” he added.
Iron Ore Prices May Fall This Yr on Dull Demand

Australian gov't forecaster cites rise in global output as another reason for gloomy outlook

BLOOMBERG
MELBOURNE

Iron ore prices may decline 8.5% this year as global output increases and growth in Asian steel production slows, according to a government forecaster in Australia, the world’s biggest exporter.

Prices may average about $140 a tonne in 2012 from $153 last year, the Bureau of Resources and Energy Economics said in a report on Wednesday. Shipments from Australia may climb 12% to 493 million tonnes in 2012, it said.

Steel-production growth in China has slowed as the fast-growing major economy puts greater focus on consumers rather than building projects, BHP Billiton, the world’s biggest mining company, said on Tuesday.

Shares in Vale, the largest iron-ore producer, fell the most in a week after BHP’s comments. While China’s near-term growth is slowing, iron-ore output significantly lags consumption, Rio Tinto Group said on Tuesday.

“Over the remainder of 2012, iron-ore prices are forecast to ease as production increases from new projects in Australia and growth in Asian steel production weakens,” the Canberra-based bureau said. “Further price decreases are expected to be limited by an expected reduction in exports from India.”

Shares in Melbourne-based BHP dropped for a second day, losing 1.7% to A$34.70 in Sydney. Rio Tinto, the second-largest iron-ore exporter, dropped 0.4% to A$65.34. Vale, the biggest shipper, fell 0.8% on Tuesday.

The bureau’s outlook tallies with that from Australia’s New Zealand Banking Group, which forecast in a report on Tuesday that iron ore may lose 7.5% to $137 a tonne in 2012 on higher Australian and Brazilian output.

China Pause Worries Miners

- Steel production growth in China slows as the nation shifts focus from building projects
- China is the world’s biggest base metals user which accounts for 45% of global steel output
- While China’s near-term growth is slowing, iron ore output significantly lags consumption
- AMZ has said iron ore may lose 7.5% in 2012 on higher Australian and Brazilian output

China’s crude steel production may advance 7% to 731 million tonnes in 2012 compared with an 8.9% gain last year, the bureau said. The nation, the world’s biggest base metals user which accounts for 45% of global steel output, cut its economic annual growth target to 7.5% this month.

“Iron ore prices at current levels aren’t sustainable,” Laura Brook, a consultant at researcher CRU, said in a presentation at a conference in Perth, Western Australia on Wednesday. “We expect a persistent slowdown in the foreseeable future.”

Economic growth in China is set to ease from the highs of the last decade, while India will grow strongly from 2015 without reaching the highs seen in China, Brooks said. There is an extensive new pipeline of iron-ore projects that would be gradually realised, she said.

The bureau’s forecasts referred to iron ore with 62% content free-on-board Australia. Iron ore of the same grade delivered to the Chinese port of Tianjin was at $144.80 a tonne on Tuesday after gaining 4.5% this year, according to data from The Steel Index.

Iron ore is measured in dry tonne, or tonne less moisture. At Tianjin, moisture can represent 8% to 10% of the weight.
Briefs

PRODUCTION TO BEGIN AT ORISSA PLANT

New Delhi: Essar Steel is all set to begin production from its 12-million tonnes per annum (MTPA) iron ore pellet plant in Orissa in the next two to three days, a top company official said on Wednesday. “We are beginning with 6-MTPA in phase-I and units will begin production one by one,” it said.
SHANGHAI

FORTESCUE FORMALLY JOINS
CHINESE IRON-TRADING PLATFORM

Fortescue Metals Group of Australia has become a formal member of the first iron ore physical trading platform in China, inaugurated by the China Beijing International Mining Exchange.

The exchange, which made the announcement Tuesday, introduced the online platform together with the China Iron & Steel Association and the China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters in January, in a move aimed at strengthening its pricing power over a raw material long dominated by giant foreign suppliers.
“Physical” platforms coordinate spot trades, as opposed to futures, and China’s excludes derivatives like swaps. Fortescue is the first overseas iron ore supplier to join the platform. It remains unclear whether the three dominant majors — Vale, BHP Billiton and Rio Tinto — will participate. Wang Xiaoli, vice chairman of China Iron & Steel Association, said last month that the three were in talks to join the platform. (Reuters)
Vedanta’s stake buy offer in HZL, Balco referred to GoM

Even as the cash-strapped UPA has set itself a target of generating Rs 30,000 crore through disinvestment in 2012-13, a high level panel of secretaries on Wednesday referred the proposal by Anil Agarwal-led Vedanta Plc to buy the Government’s residual stake in Hindustan Zinc Ltd (HZL) and Bharat Aluminium Company (Balco) to an empowered group of ministers (eGoM).

The committee of secretaries (CoS) met earlier in the day to discuss Vedanta’s proposal, decided to refer the proposal to the eGoM. A senior Mines Ministry official, who participated in the meeting, later told The Pioneer that the company has offered Rs 17,000 crore to buy the stake in both the entities.

“We decided to seek the advise of the empowered panel of ministers (on disinvestment), as the CoS is only an advisory body,” the official added.

Official sources informed that the returns from the deal would not immediately accrue to the Government, as there are several legal issues pertaining to the matter and over the Centre is seeking to seal the deal on market price.

A major issue of concern for the Government is that while it wants to sell its stake in the two companies at market price, Vedanta wants to buy the residual stake at 2001 price, which obviously is much lower.

With the matter now referred to the eGoM, it would take a call on the price issue. The meeting of the ministerial panel is however yet to be fixed.

While HZL’s stake has been valued by Vedanta at Rs 15,000 crore, the offer for Balco is for Rs 2,000 crore. Currently the Government has a residual stake of 49 per cent in Balco and 29.5 per cent in HZL.

Vedanta has offered to buy the stakes in both the companies through its entity Sterlite Industries (India) Ltd, and once the deal is through, it would get to control 964,000 metric tonnes of annual zinc and lead-producing capacity and full ownership of a 2 million ton-a-year bauxite mine.

The Anil Agarwal-led entity had acquired Government’s 51 per cent stake in Balco in 2001 during the NDA regime for Rs 551 crore, while Sterlite Industries had acquired 64 per cent stake in HZL in 2002.

Agarwal had earlier said that he is yet to receive any communication from the Government regarding his offer.

Incidentally in 2010, Vedanta had unsuccessfully tried to buy Anglo American Plc’s Skorpion zinc mine in Namibia through HZL, as New Delhi had refused to recognise the deal. Subsequently Vedanta had to seal the deal with the help of Sterlite.

The eGoM, which is headed by Finance Minister Pranab Mukherjee, consists of Mines Minister Dinesh Patel, Minister of Corporate Affairs Veerappa Moily, Law Minister Salman Khurshid and Minister for Heavy Industries Pratap Patel, among some other ministers.
Copper steady; demand uncertainty weighs

Reuters
London, March 21
Copper steadied on Wednesday as support from a weaker dollar and a budding economic recovery in the US offset worries about slower growth in China's demand for commodities. Three-month copper on the London Metal Exchange rose 0.1 per cent to $8,440 a tonne by 11:03 GMT, reversing losses from the previous session when it fell to its lowest since March 9 at $8,383 a tonne.

Copper has risen more than 11 per cent this year, but prices have struggled to rise further since they hit the year's peaks above $8,750 early last month. Copper stocks held in LME-registered warehouses have been declining since late last year. The latest numbers showed a 2,500 tonne outflow on Tuesday, bringing inventories to their lowest levels since mid-July 2009 at 288,525 tonnes.

Tin was at $23,300 per tonne from Tuesday's close of $23,420, while zinc, used in galvanizing, climbed to $2,040 from $2,050. Battery material lead rose to $2,025 from $2,013, and aluminium was at $2,244 from $2,245. Nickel was at $18,881 from $19,050.
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Tin was at $23,300 per tonne from Tuesday's close of $23,420, while zinc, used in galvanizing, climbed to $2,040 from $2,036. Battery material lead rose to $2,025 from $2,015, and aluminium was at $2,244 from $2,245. Nickle was at $18,881 from $19,050.
Aussie mine tax worries few

OUR SPECIAL CORRESPONDENT

Calcutta, March 20: Australia has passed a legislation to tax profits from coal and iron ore mining, raising the possibility of higher international prices.

However, existing Indian investors such as Gujarat NRE Coke and Adani Group said they would not be impacted any time soon.

The minerals resource rent tax, passed in the Upper House by Australian Prime Minister Julia Gillard, will become a law on July 1 and garner about $11 billion in taxes within three years.

The tax is going to hit two of the world's largest miners — BHP Billiton Ltd and Rio Tinto Group — most as they operate coal and iron ore mines in Australia. There is a possibility that these companies will pass on some of the cost to the consumers in the form of increased prices to protect their margins.

India buys more than three-fourth of its coking coal, used in steel making, from Australia. It has also started to import thermal coal for power generation at international prices.

There is a possibility that the importers will have to pay more for coal, raising steel prices and power tariff, which will stoke inflation.

The new tax has been set at 30 per cent against the 40 per cent levy proposed by Gillard's predecessor Kevin Rudd, who was ousted amid a campaign by mining companies.

However, the tax is unlikely to hurt firms in the exploration and development stages.

Analysts said the tax would be severe on old mines where no fresh investments were being made.

Adani Group said the new tax would not have any “significant” impact on its coal business.

“We would like to put in record that the decision will not have any significant impact on our coal mining business for several years after the start of production,” Adani Group said in a statement.

Adani Enterprises, the flagship company of the group, has recently started a coal mining exploration programme at the Galilee Basin in Queensland and will begin exports in the next three years. It is the largest Indian investor in Australia.

“The law allows the full capital expenditure incurred to be set off from the profits derived from its mining operations in the year it is made, and any unabsorbed excess is carried forward (with no time limit). State royalties are allowed to be set off,” the company said.
Stake sale in Balco, Hindustan Zinc referred to EGoM

New Delhi, Mar 21: A panel of secretaries on Wednesday referred the issue of residual government stake sale in Balco and Hindustan Zinc to Vedanta Group to an Empowered Group of Ministers (EGoM), which will meet soon to take a decision.

"The CoS (Committee of Secretaries), which met today, has reservations over the valuation of Balco as it found the offer conservative, while it also discussed the offer for stake buy in Hindustan Zinc (HZL). The matter has now been referred to EGoM," a source said.

In January, Vedanta had offered to buy remaining stake of the government in the two firms for over ₹17,000 crore. While HZL’s stake was valued at about ₹5,500 crore, Balco was about ₹1,800 crore.

The issue concerns the price at which the government will sell its stake in the two companies to Vedanta. While Vedanta wants to buy residual stake in Balco at 2001 price, the government is seeking market price, which is high.

Vedanta had acquired government’s 51% stake in Balco in 2001 during the NDA regime for ₹55 crore. Vedanta group company Sterlite Industries had acquired 64% stake in HZL in 2002.

Government still has 26.54% stake in HZL and 48% holding in Balco.

Earlier this month Vedanta Group chief Anil Agarwal had said that he is yet to receive any communication from the government for his offer. Vedanta has earlier opted to buy residual stake in HZL based on one-month’s average stock price.
Australia lifts iron ore exports forecast

By Neil Hume in Sydney

Chinese imports of iron ore will continue to grow quickly regardless of whether there is a slowdown in domestic steel consumption, according to Australia’s official commodities forecaster.

On the heels of bearish comments from BHP Billiton, the world’s biggest mining group, Australia has raised its projection for iron ore exports to a record 473m tonnes in the year to June 2012, up from an earlier forecast of 460m tonnes.

BHP rattled global markets on Tuesday when the head of its iron business trimmed forecasts for global iron ore and seaborne consumption, citing signs of “flattening” demand from China.

Australia’s Bureau of Resources and Energy Economics said on Wednesday, however, that it believes China will become increasingly reliant on imported iron ore over the next five years as the quality of domestic reserves declines, the number of mills with easy access to ports increases and efforts are made to improve the quality of production.

“That necessitates an increased demand for relatively high-quality iron ore imports from Australia and Brazil,” the bureau said in its latest quarterly report.

Bree expects China’s imports to rise at an annual average rate of 5 per cent over the next five years to reach 854m tonnes in 2017, with Australia remaining its dominant supplier. It projects Australian exports of iron ore, a key ingredient in steelmaking, to increase at an average annual rate of 10 per cent to total 778m tonnes in 2017.

But as big iron ore expansion projects are completed and growth in steel production slows, the Canberra-based bureau expects iron ore contract prices to soften from current levels of about $140 a tonne to $100 a tonne in 2017. It said the projected price fall “largely reflects the effect of considerable expansions to supply that are scheduled for completion of the medium term”.

Australia’s three biggest iron ore producers, BHP, Rio Tinto, and Fortescue
Appalachian coal fights for survival on booming shale gas output

Mar 21: Coal mining in Appalachia has survived deadly explosions, the Great Depression and the country’s largest armed insurrection since the Civil War. The latest threat is booming shale gas production.

US power utilities are favoring natural gas, which is trading at its cheapest in a decade as hydraulic fracturing opens up previously inaccessible reserves. Consumption of coal to generate electricity will fall 5% in 2012 to less than 900 million tonnes, a 16-year low, according to the US Energy Information Administration.

Mining companies in Appalachia, an area covering 12 eastern states and home to 85% of US coal mines, have cut at least 21 million tonnes of production this year, according to Doyle Trading Consultants in New York. The industry needs to curtail about another 90 million tonnes nationwide, with the “lions’ share” coming from Appalachian, to stem losses, according to CRT Capital Group. Alpha Natural Resources and James River Coal, which mine in the region, have fallen 19% and 16% respectively this year.

“A lot of the marginal producers in Appalachia that were able to hang on in 2009 are in a much worse situation today,” Kunhi Cher, an analyst with CRT in Connecticut, said in an interview.

Average operating costs now exceed coal prices for the first time in three years, according to data compiled by Bloomberg Industries. Appalachian coal, the US benchmark grade, fell 28% in the past 12 months. Coal futures closed 0.4% lower at $61.75 a ton on the New York Mercantile Exchange on Tuesday.

Socalled mining cash costs in the region climbed 9.2% to $90.28 a ton in 2011, according to data compiled by Bloomberg Industries.

Gas futures in New York have tumbled 51% in the same period. Gas inventories were 51% above their five-year average on March 9 as a surging production combined with the warmest winter in 10 years, according to data compiled by Bloomberg Industries.

For US power utilities, who consumed 90% of the country’s coal production in 2010, the prospect of relatively cheaper gas supplies now and in the foreseeable future has pushed them to switch some of their generation to gas-burning plants from units that use coal.

Gas for April delivery fell 1.5 cents to $2.385 per million British thermal units on Tuesday. Gas futures traded at $2.204 per million Btu on March 15, the lowest intraday price since February 16, 2002. Gas is down 22% in 2012, the worst performer on the Standard & Poor’s GSCI Commodity Index.

“Power prices are in the tank,” said Gordon Howald, a utility analyst with Doyle Trading Consultants in New York. “In this environment, nobody’s building anything but natural gas,” he said, referring to power-plant construction. US coal companies have faced slumping commodity prices before. Coal prices declined in 2009 after the financial crisis led to a recession. US coal production fell 8.3% that year, according to data from the US Department of Energy.

Appalachian output dropped to 270 million tonnes in 1952 from a peak before the Great Depression in 1926 of 500 million tonnes, according to data from the US Geological Survey. In Pennsylvania, home to US Steel and Bethlehem Steel, production plunged 54% in the period, the data show.

The region’s coal industry recovered from earlier crises. In 1921, police and troops helped put down a revolt near the town of Matewan by thousands of West Virginia miners seeking to unionize, according to the Friends of Blair Mountain, an activist group seeking to preserve the area.

More recently, safety has become a focus. Coal-mine explosions have killed 58 miners in West Virginia, Alabama and Kentucky since 2001, according to data from the Mine Safety and Health Administration, part of the US Department of Labor.

In April 2010, 29 miners died in a blast at Upper Big Branch, a Massey Energy mine in West Virginia. Alpha, which completed its $7.1 billion takeover of Massey in June, in December agreed to pay $290.5 million to end a criminal investigation and civil proceedings related to the explosion. Producers in the region face challenges that didn’t exist in the last downturn in 2009. Inventories of the fuel held by domestic customers will soar to a 10-year high at the end of 2012, according to Doyle Trading. Mining companies also can’t rely on sales to foreign steakhakers to compensate as prices for those exports have declined.

Metallurgical coal, a premium coal variety used that in the US is mined almost entirely in Appalachia, is used in steel blast furnaces. The raw material is typically more profitable than thermal coal sold to power stations. Steelmakers outside the US, who purchase about 72% of the country’s output of metallurgical coal according to the EIA, may buy this year at a slower rate.

Goldman Sachs dropped its estimate for growth in steel output in China, the biggest producer of the metal, to 2% from 8%. Andro Benjamins, a New York-based analyst at Goldman, said in a March 18 note that prices for US metallurgical coal may fall to $175 a ton in 2014 after touching $225 this year.

Mark Levin, an analyst at BB&T Capital Markets in Richmond, Virginia, predicts metallurgical coal exports will fall to 61 million tonnes in 2012 from a record 69 million tonnes in 2011. “It’s simply hard for us to imagine 2012 US met exports being anywhere close to 2011 levels,” Levin said in a note.

Meanwhile, the US Environmental Protection Agency is proposing the Cross-State Air Pollution Rule to cap sulfur dioxide and nitrogen dioxide emissions. Coal-fired power plants account for most of these two pollutants, according to the EPA.

“That has really put a chill on utility buying,” Peter Soria, chief executive officer of James River, said at an Industry Conference on March 8. Appalachian will produce 322 million short tonnes of coal in 2012, a 5% decline from last year, according to an outlook published March 6 by the EIA. James River and other Appalachian coal producers — Alpha, Patriot Coal and Arch Coal — are the worst-performing US members of the Stowe Global Coal Index for this year.

Alpha, which gets most of its revenue from Appalachia, said February 3 it expects to reduce output by about 2.5 million tonnes a year of thermal coal and 1.5 million tonnes of metallurgical coal because of “adverse” market conditions. Analysts have widened their projected first-quarter loss for the company by 90% in the past 10 days to 1.9 cents a share, according to estimates compiled by Bloomberg. Nick Nida, a spokesman for Alpha, and Amanda Orf, a spokeswoman for Patriot, didn’t immediately respond to requests for comment. Council will keep monitoring demand and respond accordingly, Lynn Sea, a company spokeswoman, said.

Arch will maintain its timetable for developing its metallurgical-coal projects including Tug Valley in northern Appalachia, Kim Link, a spokeswoman, said.

Bloomberg
GVK to sell stake to help fund Australia coal projects

May be looking to raise about A$3.5 billion

 Reuters
 Hong Kong, March 21
 GVK Power & Infrastructure Ltd is looking to sell down its stakes in the Alpha coal project and related port and rail assets in Australia to help fund the A$10 billion cost of the projects, its Australian chief said on Wednesday.

GVK bought a 79 per cent stake in the Alpha and Alpha West thermal coal projects in Queensland's Galilee Basin and 100 per cent of the Kevin's Corner coal project next to Alpha and the rail and port project linking to the Abbot Point terminal for A$1.26 billion last year.

The remaining 21 per cent in the Alpha coal projects is owned by Australia's richest woman, Ms Gina Rinehart's Hancock Prospecting.

"GVK will sell down its stakes across Alpha, the rail and the port, but will maintain a majority," said Mr Mulder, Chief Executive of Hancock Coal, the Australian arm of GVK.

The process is under way, with Macquarie advising on the sale of the infrastructure stake while Citi is advising on the sale of the mine stake.

"We're aiming for financial close towards the end of this year - quarter 3, quarter 4 - at which point debt and equity need to be lined up," Mr Mulder told Reuters on the sidelines of a mining conference in Hong Kong.

He declined to say how much GVK was looking to raise.

Funding for the Alpha mine, port and rail projects, at a combined A$10 billion, is expected to be in line with the norm for mining and infrastructure, with about 60-70 per cent debt and the rest equity.

If the stakes are sold down to fund all the equity for the projects, GVK would be looking to raise about A$3.5 billion, according to Reuters' calculations.

WIDESPREAD INTEREST

Power companies and traders, financial institutions and miners are attracted by the clean burning coal and integrated mine, rail and port development, set to be the first of its kind for an Australian coal operation, Mr Mulder said.

"There has been very strong interest across the board in all of those investor classes," he said, declining to say how many potential bidders there were. "We'll be the first to bring a fully integrated mine, rail and port system to the east coast of Australia. It's not there in coal. That's why there's so much interest." Among those interested are some of the 17 companies that have already committed to buy coal from Alpha, in China, India, Japan, Malaysia, the Philippines, South Korea, Taiwan and Vietnam.

The Alpha mine is expected to produce 30 million tonnes of coal per year at peak coal used in power plants, while the rail and port are designed to handle 60 million tonnes per year.

At full production, GVK's three Australian coal projects are expected to supply a combined 84 million tonnes per year for export. That compares with BHP's 70 million tonnes of energy coal in the year to June 2011.

Mr Mulder said construction would begin early next year, at least 9 months behind flagged on Hancock Coal's Web site, with first production probably in late 2015.

Kevin's Corner is about six months behind that in the development process.

Mr Mulder said the company had already shipped coal to China and South Korea in successful trials.

Following Indonesia's push to limit foreign ownership of mines in the country, Mr Mulder said the location of GVK's coal stakes in Australia could make them more attractive.

"If you put it in perspective and say where the next wave of reliably supplied, low cost, low ash, low sulphur coal is coming from, with a fully integrated mine, rail and port system, in a low sovereign risk jurisdiction, there's only one place and it's called Australia, and it's called the Galilee Basin," he said.
Now, EGoM will decide on
Sterlite offer for Balco, Hind Zinc

Our Bureau

New Delhi, March 21

The Empowered Group of Ministers (EGoM) will now take a call on Vedanta Group company Sterlite’s proposal for buying residual stake in Hindustan Zinc and Balco.

This was agreed upon in a meeting of the Committee of Secretaries here on Wednesday. A senior Government official told Business Line that “no date has been fixed for the EGoM yet as we first need to work on Sterlite’s proposal.”

Sterlite has offered to pay a total of Rs 17,000 crore for buying residual stake in Hindustan Zinc and Balco. The metal major’s offer consists of nearly Rs 15,000 crore for over 25 per cent Government stake in Hindustan Zinc, and nearly Rs 2,000 crore for 49 per cent Government stake in Balco. Both the companies were strategically divested between 2000-02.

In July last year, the Vedanta Group Chairman, Mr Anil Agarwal, had written a letter to the Prime Minister, seeking clarification on the Government’s stand. After that, an EGoM, headed by Mr Pranab Mukherjee, decided to seek Sterlite’s offer proposal.

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NMDC, Steel Ministry sign MoU

Hyderabad, March 21

NMDC and the Ministry of Steel today signed a MoU over the iron ore miner’s commitments on various performance parameters for 2012-13. Mr P.K. Misra, Secretary, Ministry of Steel, and Mr N.K. Nanda, NMDC Chairman and Managing Director, signed the MoU. The performance parameters include production and sale of iron ore, implementation of new projects, R&D efforts, energy conservation, corporate social responsibility, manpower productivity and corporate governance. — Our Bureau
Balco stake sale issue goes to EGoM

A PANEL of secretaries has referred the issue of residual government stake sale in Balco to Vedanta Group to an Empowered Group of Ministers (EGoM). The CoS (Committee of Secretaries), which met on Wednesday, has reservations over the valuation of Balco as it found the offer conservative. The matter has now been referred to EGoM, a source said.