Hind Copper board to take up Rs 250-crore funding issue

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Hindustan Copper Ltd’s board of directors will take up the issue of raising Rs 250 crore through ECB shortly. The management of the public sector miner needs to bridge a gap in financing its ongoing mine expansion plans in three States.

“Though we need the money next year, the currency and interest arbitrage, available now, has thrown up an opportunity for raising funds through ECB at record low cost,” Mr Shakeel Ahmed, CMD, told Business Line.

According to HCL estimates, it does not need to go in for currency hedge because of a “natural and in-built hedge in revenue realisation”.

Mr Ahmed said HCL’s product — copper — has a LME price reference in dollar terms, but it is realised in rupee terms. “So the mechanism makes the revenue neutral to currency fluctuations,” he explained.

As a result, HCL can mop up the required funds at LIBOR plus 1.5 per cent and interest rate hedge at around 4.5 per cent. “This will give us a five per cent cost arbitrage over borrowing in India,” he added.

HCL last year had dropped the proposal for a follow-on equity offer to raise funds and instead decided to opt for ECB, besides using internal cash flow and reserves.

Meanwhile, HCL has submitted environment impact study and underground mine plan to the Ministry of Environment and Forests for its biggest (5 million tonnes a year) project, an erstwhile open cast mine at Malanjkhand in Madhya Pradesh. It may get the final clearance in the next monthly meeting of the Ministry. It is estimated to have 141 million tonnes copper bearing ores and the targeted depth is 300 metres.

HCL has, however, stumbled on unforeseen hurdles in three projects — two in Rajasthan and one in Jharkhand.

“For the proposed 75 km Baniwali ki Dhani project, we have decided to move the Supreme Court (environment bench) in July through an interlocutory application seeking exemption from a mining ban in the Aravalli region,” HCL CMD said. jayanta.mallick@thehindu.co.in
Govt keen to restart mining in Karnataka

Agency told to complete survey of iron ore mines

Ajith Athrady

NEW DELHI: Eager to restart iron ore mining at the earliest in Karnataka, the Ministry of Mines has directed the Indian Bureau of Mines (IBM) to expedite the process of surveying of iron ore mines in co-ordination with different agencies, including the state government.

Ministry of Mines Secretary Vishwapati Trivedi, who chaired the review meeting of the IBM recently here, is learnt to have advised the organisation to survey dump yard and spill over areas also to ensure that the mining companies restricted their activities only to leased areas.

The ministry is under pressure from steel industry to take steps for resumption of iron ore mining in Karnataka to meet the industry demand. Iron ore mining in Karnataka was banned due to complaints of illegal mining and only state run NMDC is allowed to evacuate ore and supply to steel plants.

Earlier, the Central Empowered Committee (CEC) appointed by the Supreme Court to probe illegal mining in Karnataka told the Ministry of Mines that resumption of mining operations would be possible only after Indian Bureau of Mines approved the mining leases. In a letter to the Mines Secretary, the CEC said following the Supreme Court order, preparation and implementation of reclamation and rehabilitation (R&R) plans in respect of leases of 50 hectares and above in Bellary, Chitradurga and Tumkur districts have been undertaken by the Karnataka government through the Indian Council of Forestry Research and Education (ICFRE). The R&R plans are being executed under the supervision of the Central Empowered Committee.

As per the information provided to the Central Empowered Committee in respect of a large number of mining leases, the period of the approved plan/scheme has either expired or nearing expiry. Therefore, the mining operations in respect of such leases can be allowed to be re-started only after their mining plans are approved by the IBM, the Central Empowered Committee said in the letter.

In Karnataka, the Central Empowered Committee had classified the mining leases in the three ore rich districts into three categories: Category A comprises 45 mines where there is no illegality. Category B comprises 72 leases, where the Central Empowered Committee found illegal mining with mining pits extending 10 per cent beyond sanctioned areas and in areas were waste dumps are outside the lease. Category C comprises 49 leases with maximum violations of the Forest Conservation Act.

As part of checking illegal mining, the IBM has also intensified the process of registration of miners, stockists, traders, exporters and end-users of mineral to prevent illegal mining activities.

So far out of 5,531 lease holders of all types of minerals, registration number numbers have been allotted to 4,976 and remaining are under process.

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