Steep fall in Hindustan Zinc’s production, realisation

Our Bureau
Chennai, July 23

Production of all the three metals that Hindustan Zinc Ltd produces — zinc, lead and silver — fell in the first quarter of the current year, compared with the previous quarter. (Compared with the first quarter of last year, production of zinc was down, while that of the other two metals was higher.)

Zinc production fell 15.3 per cent sequentially and 16.6 per cent over the same quarter last year.

Lead production fell 16 per cent sequentially, but rose 94 per cent q-o-q. Likewise, production of silver fell 7 per cent sequentially, but increased 75 per cent q-o-q.

IN LINE WITH ESTIMATES
However, the company has said in a press release that the production was “in line with our anticipated mine production and our guidance.”

Mr Pavan Kaushik, Head, Corporate Communications, said in a response to a e-mail query, that the higher production expected in the second half of the year will more than make up for the lower production in the first half.

He said that the production in the full year will be higher than it was last year.

One of the reasons why the company expects higher production in the second half of the year is the ramp up of output from the Rampura Agucha mine.

A notable aspect of the company’s performance in the quarter was the decline in net realisation, both compared with the previous quarter as well as the same quarter last year.

The company also told analysts today that its output of silver in the whole of this year will be 350 tonnes, compared with 242 tonnes last year.

MARK-TO-MARKET GAINS
Hindustan Zinc, part of the Vedanta group, reported a 4 per cent fall in revenues to Rs 2,713 crore for the quarter.

Net profit was Rs 1,581 crore, 6 per cent higher than in the corresponding quarter of last year.

This was because the company benefited Rs 120 crore due to mark-to-market gains as interest rates softened 50 basis points in April.

mramesh@thehindu.co.in
MINERAL PRODUCTION during MAY 2012

Total value: ₹ 1783 core

Growth rate (%)

Change over May 2011: 0.9%

Source: Ministry of Mines

Graphics
Spain worries pull base metals’ plug
Price declines amid threat of lower consumption on weak global economic sentiment

DILIP KUMAR JHA
Mumbai, 23 July

Base metals tumbled today amid fears that Spain will become the fourth Euro zone economy to seek a bailout, thereby denting the global economy and metals consumption.

While copper plunged to $7,388 a tonne, a decline of 3.1 per cent from the previous day, nickel followed suit and hit $15,450 a tonne, its lowest since July 2009. Nickel dragged down amid concerns that a weak Euro zone economy would attract fewer investments in the infrastructure sector, resulting in lower consumption from its downstream user segment, stainless steel. Other base metals fell in line with demand sentiment in consumer industries.

In a worsening indication toward the need for a bailout, Spain’s bond yield reached 7.5 per cent this week against seven per cent previously. Anything beyond seven per cent is dangerous for the economy, as seen in the case of Greece, Ireland and Portugal.

The three Euro zone economies sought a bailout after their bond yields shot past the seven per cent mark. Meanwhile, the Spanish government has cut its economic forecast for 2013, indicating the country would stay mired in recession well into next year, after an expected contraction of 1.5 per cent in 2012.

"Since the bond yield of Spain has surpassed the alarming level of seven per cent, seeking bailout becomes obvious, which is set to have a cascading effect on the rest of the world,” said Priyanka Jhaeveri, an analyst with Kotak Commodity Services Ltd.

Weakening sentiment from consumer industries raised apprehensions that consumption of base metals would remain under severe stress. Slowing economic growth in China, faltering pace of recovery in the US and recessionary worries in the Euro zone also supported base metals' moves today.

In a move, which could deepen the crisis-like situation, the International Monetary Fund (IMF) recently cut its forecast for global economic growth and warned the outlook could dim further if policymakers in the Euro zone do not act with enough force and speed to stem the debt crisis in their region. IMF cut its 2013 forecast for global growth to 3.9 per cent from the 4.1 per cent it had projected in April, but kept the 2012 forecast unchanged at 3.5 per cent.

Naveen Mathur, associate director of commodities at brokerage firm Angel Broking, said, “Base metals prices fell in today’s session, tracking bearish global market sentiments, coupled with strength in the US Dollar Index (DX). Expectation of a slowdown in the Chinese economy and the US, and lingering concerns of the Euro zone debt crisis, which is hurting the growth of the global economy, also added to the losses of the base metal prices.”

The Chinese economy is expected to decline in the third quarter of 2012 to 7.4 per cent against 7.6 per cent in the last quarter, according to the Chinese central bank advisor. This is likely to reduce the demand for base metals, as China is the major consumer of the commodity.

Further, rising debt of the Euro zone and the European leaders unable to tackle the crisis is causing the global economy to become slower, which might hurt the consumption of copper, adding downside pressure to prices.

According to the International Copper Study Group, the global refined copper market reported a deficit of 384,000 tonnes in the first four months of 2012, against a deficit of 26,000 tonnes during the same period in 2011. Also, support indication on the London Metal Exchange (LME), fuelled fears of a supply squeeze similar to the one in April.

A report by Kotak Commodity said, “Mixed macro economic data from the US and the Euro zone dented market sentiments, too, putting pressure on prices. In the US, macro economic data continued to remain mixed, signalling faltering pace of recovery in the region.”

Further, nickel prices came under pressure amid a weak demand outlook coupled with rising stocks on LME warehouses. The global nickel market was in supply surplus by 27,000 tonnes in the first five months of 2012, the latest monthly bulletin from Lisbon-based International Nickel Study Group showed.
Iron ore: Much ado about little things

Supplies from mines in Karnataka and Goa for reasons well known, were obliged to make some imports. To look at it rationally, a steel plant in Visakhapatnam without ownership of mines perhaps will not be worse off if it starts using Australian ore instead of handling the mineral from Ballalida in Chattisgarh, especially when sea freight is down and rail charges are up.

And, then why should there be rejoicing at all over some major addition to the country’s iron ore deposits as the cut-off point in iron (Fe) content is to be lowered by a government flat from 55 per cent to 45 per cent. How much bigger our resource base is will be because of the lowering of the Fe enrichment level of the ore will be known once the Geological Survey of India has done the assessment. The mines ministry says at the present Fe cut-off point of 55 per cent, the country has iron ore reserves of 28.5 billion tonnes (bt) to “go up further with ongoing exploration.” The lowering of the Fe cut-off point, which has not come a day too soon, will in one stroke boost reserves by more than 5 bt.

Rich resource endowments and a limited steel production base till a few years ago saw metal producers, irrespective of whether they had ownership of mines or not, exercising the soft option of using only high quality lump ore. They did not spare a thought for disposal or mounting stocks of fines at pitheads.

In fact, a situation was created when exports of ore, mainly fines, came to the rescue of miners. It is only when the government gave the steel industry a target to lift production to 200 million tonnes (mt) by 2020 and the realisation that non-renewable ore resource will get exhausted sooner than later if reliance is put on lump ore use alone that a campaign for conservation started gathering steam.

Secretary General of the Federation of Indian Mineral Industries (FIMI) R K Sharma on a mission to convince the government that fines exports in the prevailing circumstances will not militate against the interest of the local steel industry is obviously delighted that “mining of lower grades of ore” is to enhance the supply of the mineral. In its view, for a more liberal approach to iron ore exports, FIMI has the support of the mines ministry.

Sharma does not find anything unique in India settling for a lower Fe cut-off level in our ore. He says: “Some other countries, particularly China with an insatiable appetite for ore, have migrated to mining of iron ore with very low Fe content and with success.”

China, which produced over 683 mt of steel last year, against India’s 72 mt, is known to be using huge quantities of domestically mined ore, where the Fe content could be lower than 25 per cent. All the low grade ore before it becomes usable is reduced to particles for mineral to be separated from waste. The mineral part then is beneficiated and blended with better grades of imported ore to make sinter or pellets for use in blast furnaces.

China is going long distance to raise domestic ore production irrespective of quality in order to progressively reduce its dependence on imports. It may produce up to 1.55 bt of ore in 2012, but in terms of the quality of imported ore, this will get reduced to 591 mt. Last year, China alone imported 686 mt of ore out of the world seaborne trade in the mineral of over 1 bt. At this point, ore stocks at Chinese ports are about 100 mt. No wonder, the combination of anaemic condition of the steel industry in the West, particularly in Europe and slowdown in Chinese buying has seen the benchmark iron ore with 62 per cent Fe content down to $128 a tonne, the lowest since November 2011.

Should China be the model for India? Steel Authority of India Ltd (SAIL) chairman Chandra Sekhar Verma says: “While we need not be shoehorned into doing whatever China does, there is no running away from our getting used to make do with ore fines and at later stages with lower grades of ore. I want SAIL to be in the industry’s forefront into making steel using ore fines and non-cooking coal.”
### PRICE CARD

<table>
<thead>
<tr>
<th>METALS ($/tonne)</th>
<th>International Price</th>
<th>%Chg*</th>
<th>Domestic Price</th>
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<tbody>
<tr>
<td>Alumimum</td>
<td>1,694.5</td>
<td>-5.8</td>
<td>2,501.2</td>
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<tr>
<td>Copper</td>
<td>7,625.0</td>
<td>-6.2</td>
<td>9,311.4</td>
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<tr>
<td>Nickel</td>
<td>15,830.0</td>
<td>-10.0</td>
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<tr>
<td>Lead</td>
<td>1,899.0</td>
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<td>2,161.7</td>
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<tr>
<td>Tin</td>
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<td>22,957.2</td>
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<tr>
<td>Zinc</td>
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<td>2,394.0</td>
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<tr>
<td>Steel-MNIE</td>
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<td>1,627.3</td>
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<tr>
<td>Silver ($/ounce)</td>
<td>26.9*</td>
<td>-12.9</td>
<td>29.3</td>
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</table>

**ENERGY**

| Crude Oil ($/bbl) | 103.8* | -12.5 | 104.7          | -9.1 |
| Natural Gas ($/mmBtu) | 3.06* | 52.5 | 3.1            | 53.1 |

**AGRI COMMODITIES ($/tonne)**

<table>
<thead>
<tr>
<th>Grain</th>
<th>Futures</th>
<th>%Chg*</th>
<th>Futures</th>
<th>%Chg*</th>
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<tr>
<td>Maize</td>
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</tr>
<tr>
<td>Sugar</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Palm oil</td>
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<tr>
<td>Rubber</td>
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<td>Coffee</td>
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<tr>
<td>Cotton</td>
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</table>

Conversion rates: 1 Rupee = 31.10231605¢; 1 US dollar = 55.97.

*Acum July 23, 18:00 hrs IST. **Change over three months.

Notes:
1. International and domestic spot prices of metals are Mumbai local spot prices except for steel.
2. International crude oil is Brent, and domestic crude is Indian basket.
3. International natural gas is JKM near month futures & domestic natural gas is NGD near-month futures.
4. International wheat, white sugar & coffee robusta are LFE future prices of near-month contract.
5. International crude is WTI near-month future, crude is Tokyo 1YD24 near-month future and palm oil is Malaysia FOB spot price.
6. Domestic wheat and maize are MSP futures prices of nearest month contract, palm oil & rubber are NICOT Equity prices.
7. Domestic coffee and palm oil futures are IPL future prices.
8. International cotton is cotton no. 2-MYCE near-month future & domestic cotton is NOC near-month futures.
9. International metals, Indian traded crude, Malaysian palm oil, wheat, IPL and coffee futures are proxied by prices of equivalent.

### BALTIC EXCHANGE INDICES

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<th>Index</th>
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<th>%Chg*</th>
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<td>Baltic Dirty Tanker</td>
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<tr>
<td>Baltic Clean Tanker</td>
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<tr>
<td>Baltic Copper</td>
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<tr>
<td>Baltic Supramax</td>
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<tr>
<td>Baltic Panamax</td>
<td>1,156.00</td>
<td>-2.78</td>
</tr>
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</table>

### ELECTRICITY TRADING AT IEX

Market price in `/MWh
Hind Zinc: Silver lining persists

The recent decline in zinc volumes is expected to be recouped in coming months. The increase in silver and lead volumes and likely bottoming of zinc and lead prices will drive growth in the current year.

UJJWAL JAUNHARI

With metal prices on the London Metal Exchange (LME) plummeting in the backdrop of global demand concerns, metal stocks have felt the heat. Hindustan Zinc, too, has corrected 20 per cent from its S2-week highs of ₹149.80 on 17th February 2012, partly due to the anticipated reduction in output which is reflecting in the muted June quarter results.

Positively, zinc and lead prices seem to be bottoming out. Also, even as the company's zinc volumes may remain flat during FY13, the ramped-up lead and silver refining capacities (in FY12) are likely to boost its performance in the current year. The rupee’s depreciation has also provided some cushion. Thus, analysts expect good performance in FY13-14.

Based on their estimates, Emkay Global’s analysts see the company’s profits rising 14.15 per cent during FY13 and FY14. Notably, the company has a high cash balance (about ₹46 per share, or ₹19,404 crore, as on June-end), which makes the stock attractive at current levels of ₹116.

Ravindra Deshpande at Elara Capital says even with declining LME price, Hindustan Zinc has reported Ebida (earnings before interest, taxes, depreciation, and amortisation) margins well in excess of 50 per cent. He values Hindustan Zinc at six times FY13 estimated enterprise value/Ebitda and arrives at a target price of ₹155 per share. Consensus target price as per Bloomberg data stands at close to ₹140, which indicates an upside of 20 per cent from current levels.

Subdued volumes
Even as Hindustan Zinc increased its mining capacity from 9,750,000 tonnes per annum (TPA) in FY11 to 10,250,000 TPA in FY12, the first quarter of FY13 saw lower zinc volumes. Thanks to the company’s mining plan, the output from the Rampur Agucha mines reduced as lower grade ore was being mined. This was partly offset by higher production from its other mine (Sindesar Khurd), which restricted the fall in zinc volumes (at 161,000 tonnes) to 15-16 per cent (both sequentially and year-on-year).

With higher grade ore expected to be mined at Rampur Agucha mines in the second half of FY13, the company is confident of making up for the volume loss. It has guided for zinc production remaining flat in FY13. A few analysts, though, are sceptical and expect volumes to be lower (Edelweiss estimates a 6.5 per cent fall in FY13). Hence, this remains a key monitorable.

In the lead business, the newly commissioned smelter in FY12 helped boost the refined lead volumes. The company had increased its lead smelting capacity from 90,000 TPA in FY11 to 126,000 TPA in FY12. The higher production from the Sindesar Khurd mine helped silver volumes, too. Lead and silver volumes at 29,000 tonnes and 72,000 kg, respectively, in the June quarter thus were up 9.5 per cent and 84.4 per cent year-on-year (sequentially though they were down 17.1 per cent and 9.9 per cent, respectively due to the cut in output).

June 2012 quarter
Even though average zinc and lead prices on the LME were at $1,938 a tonne and $1,989 a tonne, respectively, 4.5 per cent lower sequentially, the rupee depreciation offset some of the impact on realisations for Hindustan Zinc. Thus, despite lower volumes, revenues declined only 2.6 per cent y-o-y and by 12.4 per cent sequentially.

On the operating front, lower output from the Rampur Agucha mines meant slight increase in costs and some impact on Ebida, which may also be seen in the second quarter. Analysts, though, do not see it as a major cause of worry as during the second half of FY13 when production of higher grade ore starts, the cost of production is also expected to reduce.

Some mark-to-market gains of ₹220 crore pushed up miscellaneous income 59 per cent and provided a boost to the bottom line as lower taxes, too, provided some relief. Thus, net profit at ₹1,495 crore increased 11.3 per cent year-on-year and 3.4 per cent sequentially.

Outlook
While zinc volumes may have declined in the quarter, the same are seen recovering in the second half. The company is likely to drive benefits out of expansions undertaken in FY12 wherein lead and silver smelting capacities have grown two-fold and three-fold, respectively (silver refining capacity increased from 180 TPA to 318 TPA). The company produced 82 tonnes of silver in the June quarter and has guided for 350 tonnes of production during FY13, which is significantly higher than 205 tonnes produced in FY12.

While global zinc demand is growing five per cent, the company sees demand in India growing at 9-10 per cent. The rupee’s depreciation of 18 per cent since the start of 2012 is to some extent cushioning the lower LME prices (12-14 per cent) for zinc and lead. What’s equally important is that the prices seem to have bottomed out and management during the conference call post results attributed this to the supply side shortage globally that is likely to further intensifying in FY14.

In the long run, Hindustan Zinc is working on ramping up productions further by developing underground mining operations at Rampur Agucha mines and developing a greenfield Kayar mine. Both the mines are expected to start commercial production in FY14.
Pawar named head of GoM on coal mining

NEW DELHI: Agriculture Minister Sharad Pawar has been named as head of the Group of Ministers (GoM) on coal-mining, a position earlier held by Pranab Mukherjee.

However, his appointment was notified before Pawar’s Nationalist Congress Party (NCP) raised issues over functioning of the government and the UPA coalition, sources said.

His resignation along with that of his party colleague and Heavy Industries Minister Praful Patel is pending with Prime Minister Manmohan Singh.

The 12-member GoM on coal-mining was constituted by the prime minister in February 2011 to iron out issues impeding the sector, which is vital for meeting energy requirement of the economy.

PTI
'Overweight' maintained on Hindustan Zinc, target ₹142

We continue to like Hindustan Zinc (HZL) for its extremely competitive cost structure (lowest quartile of the global cost curve), strong balance sheet, and the smooth transition of the Rampura Agucha mine to underground operations. The ramp-up in silver contribution from SK mine is key to monitor. We upgrade our estimates for FY13 by 9.2% and tweak our estimates for FY14 (and FY15) to incorporate our revised commodity and currency assumptions. We maintain our overweight rating based on our unchanged 12-month price target of ₹142.

HZL's Q1FY14 ebitda, which stood at ₹14.5 billion, exceeded our estimates by 10% largely on account of better-than-expected realisations (significant surge in regional premiums) and higher silver volumes were largely in line with our estimates. While there were no cost surprises, net profit of ₹15.8 billion also exceeded our expectations, driven by higher other income and a lower tax rate. Other income beat was on account of ₹1.2 billion mark-to-market (MTM) gain and tax rate was lower due to tax benefit on windpower assets and silver refinery.

The transition to underground mining at Rampura Agucha is progressing well and commercial production from underground operations is targeted for Q1FY14. The SK mine should hit FY13 at full capacity of 2MTPA. Silver and lead production per million (PMP) in the SK mine have improved to 130 vs 100 in FY12. Although a further ramp-up is needed to achieve the silver volume guidance of 360toms in FY13, management guided that the Kayur greenfield mine is on track for FY15 commissioning (all approvals in place). HZL is in the final stages of technical feasibility for its next phase of expansion.

Cash and cash equivalents at the end of the quarter was at ₹16 billion ($46 per share).

Current valuations for HZL imply $1,560 per tonne of zinc price to perpetuity, which is fairly conservative, in our view. HZL's smelting assets are in the lowest quartile on the global cost curve, and we believe the cost competitiveness is sustainable given that the company's mining assets have a life of more than 30 years. Therefore, we see HZL as a low risk defensive play in the metals space with 33% of market cap represented by liquid assets.

Barclays Capital
Lessons from mines

Accident rate in coal mines shows that the inefficiencies that hit production undermine safety

The rate of accidents per 1,000 coal miners began improving since the nationalisation of coal mines in the 1970s, but statistics show that the pace of improvement plateaued by 2003-04. As a report in this paper showed, in 2008-11 there were 399 accidents that led to 322 deaths and 55 workers being injured in mines operated by state-owned Coal India Ltd, Neyveli Lignite Corporation and Singareni Collieries. The major causes for the high rate of accidents in coal mines include roof and side falls in underground mine; mishaps during surface transport by dumpers, trucks and other heavy earth-moving machinery in opencast mines; and leaks of gases like methane.

But the underlying reasons were two-fold — the easy improvements that were possible had already been exhausted by then and the technological solutions that were now needed to make coal mining safer demanded more money. The period of stagnation in improvement in mine safety also coincided with what observers have described as the period of full in the modernisation of the technology of public sector-led coal extraction in India. Yet, in the same period, Coal India has built up a cash reserve of over Rs 45,000 crore. But CIL didn't bother to invest the money in bringing in new technology. Essentially, the tapering off of the improvement in mine-safety processes and procedures is due to a combination of the same factors that typically make government-run companies inefficient. The levels of red tape stymie decision-making, relegating even a straightforward imperative like worker welfare. The fact that at the same time as accidents were increasing, Coal India and its subsidiaries were ineffectual in raising production to meet the growing demand from the power sector, is no coincidence.

Countries like the US and Australia have better safety records for coal mines than India in the same period. Australia, incidentally, is a global leader in this respect even though more of its mining is underground while a good percentage of the work in India is open-cast. In 2010, Coal India had sent a team to learn from some of these experiences but, by all accounts, the results are yet to show. In the context of the current denationalisation debate on coal, however, this much is clear: an improvement in the safety record is inextricable from and coterminus with the rise in productivity.
Orissa: 190 firms to get notices for excess ore mined

DEBABRATA MOHANTY
Bhubaneswar, July 23

NEARLY three years after the Orissa mining scam surfaced, the state’s Mines department is all set to send notices to 190 companies to pay for the ore they extracted in excess of the permissible limit.

In 2010, Orissa tasked a committee to prepare a report on the companies that had mined more iron, manganese, chromite, bauxite and limestone ore than they were allowed over the previous 10 years.

The committee found that excess ore was extracted from 190 mines, said Steel and Mines Secretary Deoranjan Kumar Singh.

The biggest offenders included Essel Mining and Industries Limited, owned by the Aditya Birla Group, which mined 206 lakh tonne iron ore more than it was allowed from just two mines, at Kasia and Jiling-Longalata in Keonjhar, between 2001 and 2006. This illegally mined ore is valued, by conservative estimates, at Rs 4,269 crore.

S R Rungta Group, another major player, extracted Rs 2,978 crore worth of excess iron and manganese ore from just six of its mines between 2003 and 2006.

Orissa Mining Corporation mined 9.63 lakh tonne excess chromite from its South Kaliapani mines in Jajpur between 2004 and 2008. The ore is valued at Rs 105 crore.

The excess ore mined by all the 190 companies would be in “thousands of crores”, Singh said.

Now, based on the committee’s report, the Mines department will raise demands against all mines that extracted more than the approved limits and recover penalties within 30 days, Singh said.

The companies will have to pay interest of 24 per cent per year on the amount generated from excess ore until they re-pay the money in full.

In the past few years, Orissa has witnessed several revelations of illegal mining. Last year, the Accountant General, in his note on illegal extraction of iron ore, revealed that Gandhamardan Sponge Iron Limited had extracted excess iron ore than the permitted 1.20 lakh tonne a year from its Putulipani mines in Keonjhar between 2004 and 2006.

In September 2006, Gandhamardan applied the Centre for environment clearance to produce 3.6 lakh tonne a year.

The clearance was granted in August 2007. But the company did not keep to even the enhanced production limit and between August 2007 and August 2009, illegally extracted 25.13 lakh tonne iron ore worth Rs 216.69 crore.
Govt restructuring key mining exploration agencies to expedite mining leases

ANIMESH SINGH

Even as an overcautious EUPA-II has for the second time in the last three months sought the Attorney General over whether to go in for bidding of mining leases or continue with the prevailing first-come-first-serve system, it has also given a go-ahead for restructuring of all its key exploration agencies namely Geological Survey of India (GSI), Indian Bureau of Mines (IBM) and Mineral Exploration Corporation Ltd (MECL) to expedite exploration of virgin mines, which would facilitate their bidding.

According to Mines Ministry sources, the initiative has been taken to find out the actual size of as many mines as possible, as this would allow the Government to bid them out, which is a safer and transparent method of allocating mining blocks.

Official sources said that the Government has recently okayed the restructuring of GSI, IBM and MECL, the three key exploration agencies coming under the jurisdiction of Mines Ministry, which would enable these to fill up key vacant posts related to exploration activities.

They informed further that the move is clearly aimed at increasing exploration of untouched mines, whose actual size is unknown, so that larger number of virgin mines can be explored and their capacity known, which in turn would make it easier for the Government to put them up for bidding.

Though the proposed Mining Bill says that those mines whose actual size is not known, should be given out on first-come-first-serve basis, while mines whose size is known can be bid out, the Mines Ministry had gone ahead and sought a response from the Attorney General through the Law Ministry on which route to follow for allocating mines.

As reported by The Pioneer earlier, shaken by the Supreme Court’s February 2, 2012 decision of cancelling the 122 telecom licences allotted to 11 companies during the tenure of former Telecom Minister A Raja, the Mines Ministry had put on hold the process of granting mining leases and in April this year, sought Attorney General G E Vahanvatí’s advise on whether to continue with the current system of allotment or auction the mines.

Though he had at that time informed the Mines Ministry that it can go ahead and allot mining leases on a first-come, first-served basis, adding that the Supreme Court’s decision was in the context of telecom licences and spectrum, and was not related to the mining sector, the PMO had last month again asked the ministry to seek his advise, a move which clearly reflected Government’s over cautious attitude regarding allotment of mineral resources after its bitter experience with the 2G spectrum scam.

Industry watchers said that despite the clear indications given in the Mining Bill about allotment of mines and a green signal by the Attorney General, Government’s keenness of knowing the actual capacity of greater number of mines, reflects to the fact that it wants to adopt a play-safe strategy.
GOA ILLEGAL MINING: ‘CENTRÉ RESPONSIBLE’

Panaji: Chief Minister Manohar Parrikar has blamed the Central Government for being a perpetrator of illegal mining in the state in a statement that could further alienate the energetic Chief Minister from the power centre at New Delhi. The Chief Minister also said that the Central Government meet was scarred of the Jeth Shah Commission report and its possible outcomes. “The Central Government is the basic perpetrator of illegalities. They have been giving environment clearances (ECs) (for mining) without checking leases and leases and ground realities,” Parrikar told the State Legislative Assembly responding to a question from an opposition legislator Mauvin Godinho. Sparks between the Centre and the BJP-led coalition Government headed by CM Manohar Parrikar have flown on various issues, but especially on the mining issue over his decision to restart sale of ore from abandoned dumps of mining rejects. PMS
Copper hits 3-week low as Euro Zone woes weigh

Reuters
London, July 23
Copper hit a three-week low on Monday as the euro fell and as investors grew concerned over the outlook for metals demand due to renewed fears that Spain will have to seek a full sovereign bailout.

Three-month copper on the London Metal Exchange was untraded in official rings, but bid at $7,589 from Friday's close of $7,545, having earlier hit a low of $7,367.75, its weakest point since late June.

In other metals traded, LME nickel dipped as far as $15,450 a tonne, its lowest since July 2009.

It traded at $15,625 in official rings, from Friday's close of $15,950.

Tin traded at $18,495 from $18,930.

Battery material lead traded at $1,858.50 from $1,901.

Aluminium was at $1,861 from $1,895. Zinc, used in galvanizing, was at $1,806, having earlier hit its lowest since late June at $1,804.75 a tonne.
BROKER'S CALL

DARCLAYS CAPITAL

Hindustan Zinc (Overweight)

CMP: Rs 116
Target: Rs 142

HZL reported a strong 10 per cent beat to our Q1 FY13 EBITDA estimate on the back of better-than-expected realisations and stable costs. The Rampura Agucha transition to underground mining appears to be on track with limited disruption to volumes. The silver contribution from the SK mine has improved (vs that in FY12), and management maintained its FY13 silver production guidance of 350 tonnes (we estimate 311 tonnes). We continue to like HZL for its extremely competitive cost structure (lowest quartile of the global cost curve) and strong balance sheet.

Business Line does not assume responsibility for the recommendations sourced from third party brokerages.

Reports may be sent to marketwatch@thehindu.co.in